Financial Accounting

PARTICIPANT HANDBOOK
INSTRUCTOR-LED TRAINING

Course Version:
Course Duration:

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The following typographic conventions are also used.

This information is displayed in the instructor’s presentation	🖥
Demonstration	➤
Procedure	1 2 3
Warning or Caution	⚠
Hint	💡
Related or Additional Information	»
Facilitated Discussion	💬
User interface control	*Example text*
Window title	*Example text*

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1 Unit 1: Financial Accounting

3 Lesson: Financial Accounting
29 Lesson: Revenue Cost Accounting

Course Overview

TARGET AUDIENCE

This course is intended for the following audiences:

UNIT 1 Financial Accounting

Lesson 1

Financial Accounting 3

Lesson 2

Revenue Cost Accounting 29

UNIT OBJECTIVES

- Accounting
- Confirm Completion
- Revenue Accounting
- Event-Based Revenue Recognition

Unit 1
Lesson 1

Financial Accounting

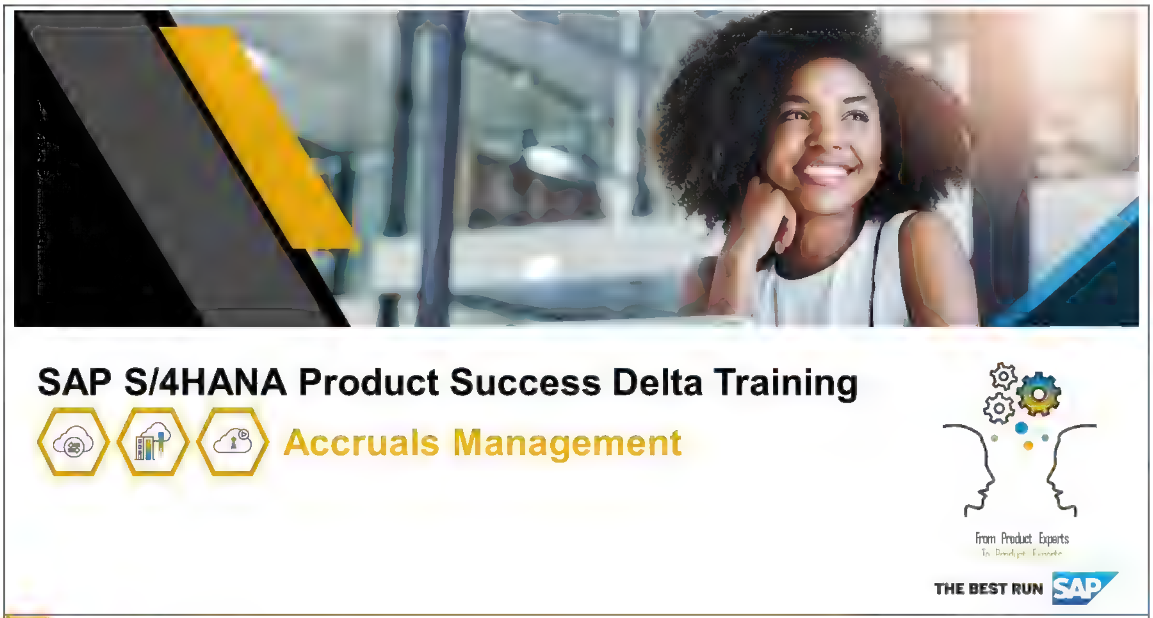
LESSON OBJECTIVES

After completing this lesson, you will be able to:

- Accounting
- Confirm Completion

Universal Parallel Accounting

Accruals



SAP S/4HANA Product Success Delta Training

Accruals Management

From Product Experts

THE BEST RUN SAP

Figure 1: Accruals

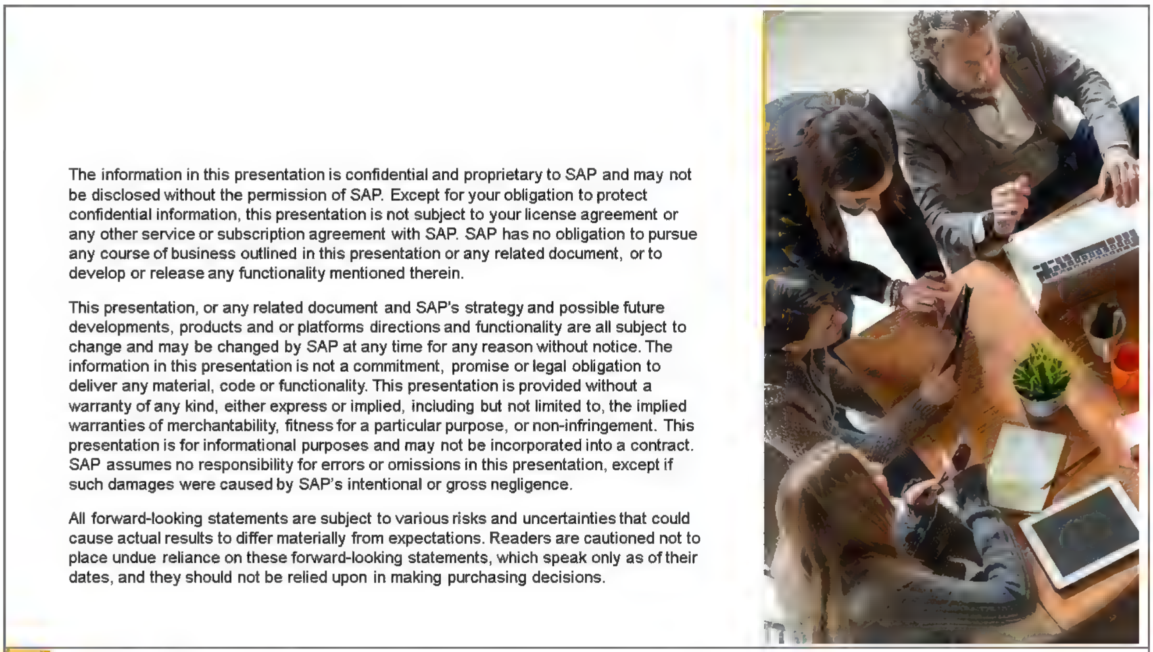


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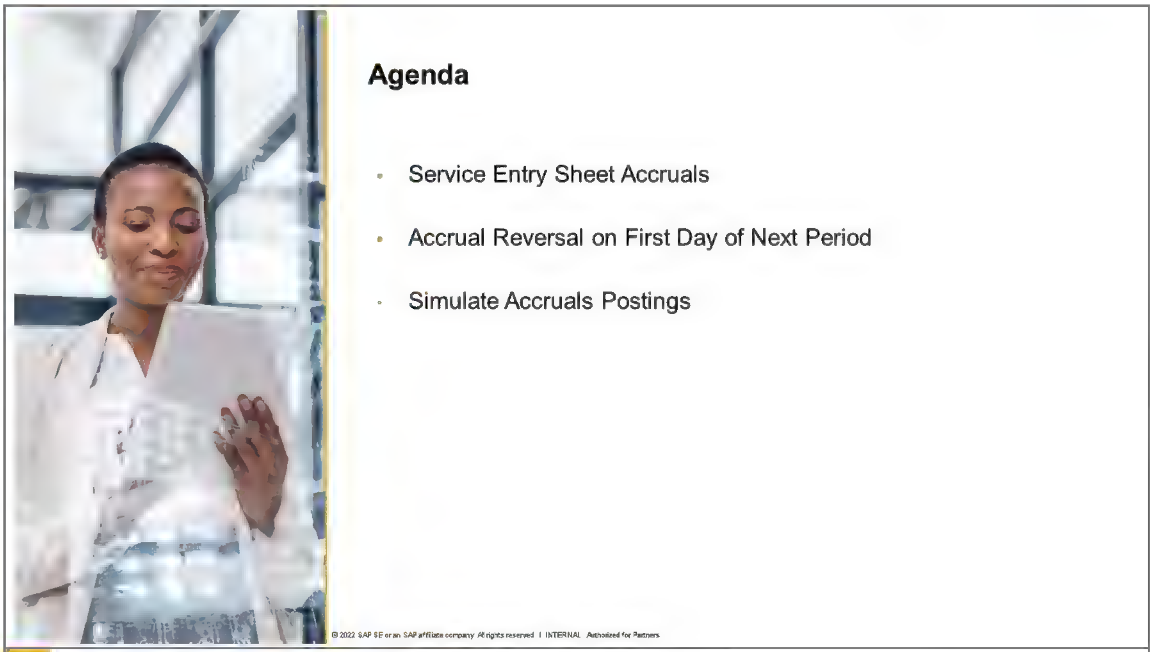
Figure 2: Disclaimer



Agenda

- Service Entry Sheet Accruals
- Accrual Reversal on First Day of Next Period
- Simulate Accruals Postings

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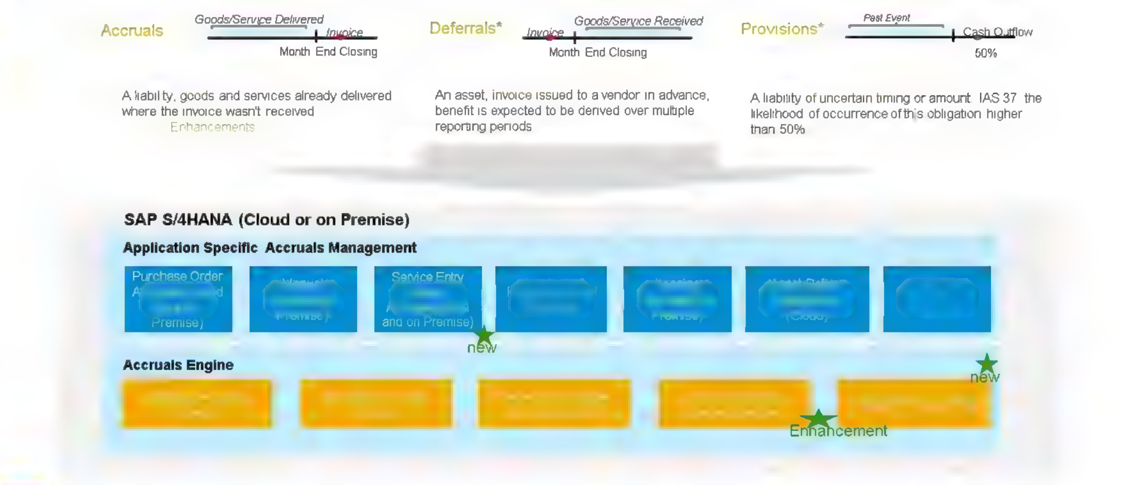
Figure 3: Accruals


Accruals
Goods/Service Delivered
Invoice
Month End Closing
Deferrals*
Invoice
Goods/Service Received
Month End Closing
Provisions*
Past Event
Cash Outflow
50%
SAP S/4HANA (Cloud or on Premise)
Application Specific Accruals Management
Purchase Order
Premise)
Service Entry
and on Premise)
new
Accruals Engine
new
Enhancement

A liability, goods and services already delivered where the invoice wasn't received

Enhancements

An asset, invoice issued to a vendor in advance, benefit is expected to be derived over multiple reporting periods

A liability of uncertain timing or amount. IAS 37: the likelihood of occurrence of this obligation higher than 50%

Figure 4: S/4HANA Accruals Management Solution Overview

Figure 5: Service Entry Sheet Accruals

Service Purchase orders are created and the actually provided service is entered by service entry sheets with the approval process. During month-end closing, some service entry sheets can still be in the approval process without the actual cost posted, the cost should be accrued.

Service Entry Sheet accruals (application component SSAC) are for such a case and can help companies:

- Automatically convert purchase orders to accrual objects
- Automatically update planned cost in accrual items according to the service entry sheet submitted amount
- Automatically post accruals
- Automatically posted reversed/utilized accruals when service entry sheets are approved, rejected, or deleted

The **Service Entry Sheet Accruals** application is delivered as Fiori apps.

Figure 6: Why Service Entry Sheet Accruals

Use Case1: Directly integrate with S/4HANA service purchase order.

Scope items: 22Z Procurement of service
63L Service Entry Sheet Accruals

Use Case2: SAP Fieldglass Integrated. Work orders or statements of work are created in Fieldglass and are replicated to S/4HANA as service purchase orders. The corresponding service entry sheets (time sheets and so on) are also created in Fieldglass and replicated to S/4HANA as service entry sheets for approval.

Scope items: 22K External Workforce Procurement via SAP Fieldglass
63L Service Entry Sheet Accruals

The difference between the two use cases is on the procurement part. The accruals management processes are identical.

Figure 7: Use Cases for Service Entry Sheet Accruals

Service entry sheet (SES) accrual calculation is quite straightforward. It is based on unapproved SES amount: submitted SES builds planned cost, and the SES with the status of approved, rejected, or withdrawn deducts the planned cost. If there is still a planned cost till the last date of the month when run accrual periodic posting run, the system posts the planned cost as accruals.

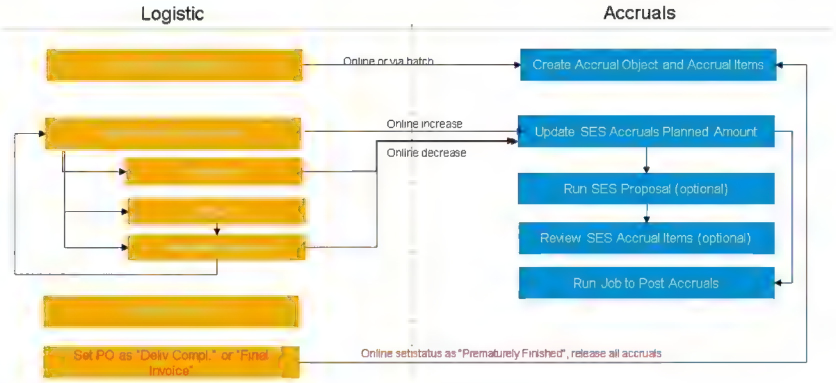
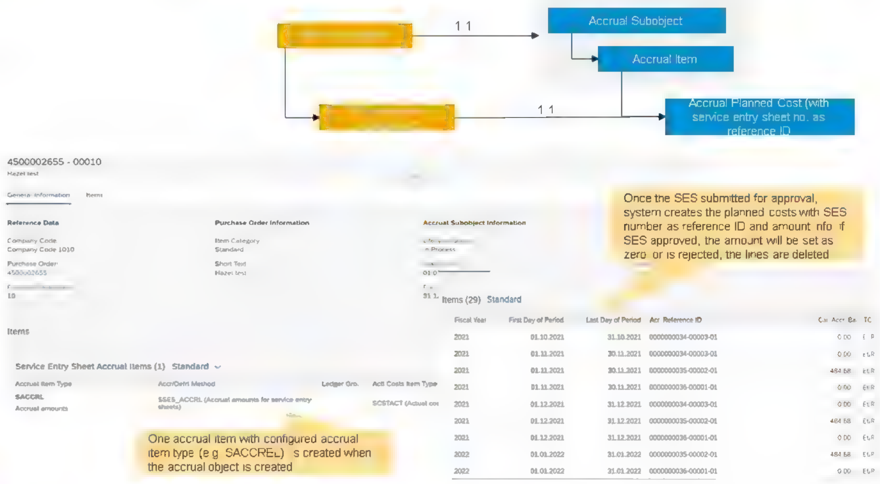

Logistic
Accruals
Online or via batch
Create Accrual Object and Accrual Items
Online increase
Online decrease
Update SES Accruals Planned Amount
Run SES Proposal (optional)
Review SES Accrual Items (optional)
Run Job to Post Accruals
Set PO as "Deliv Compl." or "Final Invoice"
Online setstatus as "Prematurely Finished", release all accruals

Figure 8: Overall Process


1 1
Accrual Subobject
Accrual Item
1 1
Accrual Planned Cost (with service entry sheet no. as reference ID

4500002655 - 00010
Hazel test

General Information Items

Reference Data
Company Code
Company Code 1010
Purchase Order
4500002655
10

Purchase Order Information
Item Category
Standard
Short Text
Hazel test

Accrual Subobject Information
In Process

Items

Service Entry Sheet Accrual Items (1) Standard

Accrual Item Type	Accr/Defrl Method	Ledger Grp.	Act Costs Item Type
SACCRL Accrual amounts	SSES_ACCRL (Accrual amounts for service entry sheets)		SCSTACT (Actual cos

Items (29) Standard

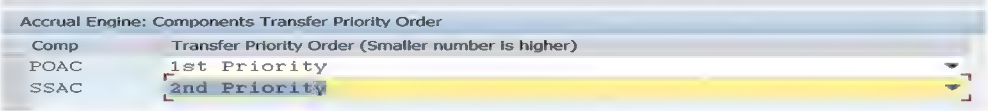
Fiscal Year	First Day of Period	Last Day of Period	Acr Reference ID	Cal Acc Ba	TC
2021	01.10.2021	31.10.2021	0000000034-00003-01	0.00	EUR
2021	01.11.2021	30.11.2021	0000000034-00003-01	0.00	EUR
2021	01.11.2021	30.11.2021	0000000035-00002-01	484.68	EUR
2021	01.11.2021	30.11.2021	0000000036-00001-01	0.00	EUR
2021	01.12.2021	31.12.2021	0000000034-00003-01	0.00	EUR
2021	01.12.2021	31.12.2021	0000000035-00002-01	484.68	EUR
2021	01.12.2021	31.12.2021	0000000036-00001-01	0.00	EUR
2022	01.01.2022	31.01.2022	0000000035-00002-01	484.68	EUR
2022	01.01.2022	31.01.2022	0000000036-00001-01	0.00	EUR

Once the SES submitted for approval, system creates the planned costs with SES number as reference ID and amount info. If SES approved, the amount will be set as zero, or is rejected, the lines are deleted

One accrual item with configured accrual item type (e.g. SACCREL) is created when the accrual object is created

Figure 9: Service Entry Sheet Accrual Object Structure

If both purchase order accruals and service entry sheet accruals are used, there are different PO transfer variants defined. You can define the priority of the transfer variant so the system knows which transfer variant should be considered first.



Accrual Engine: Components Transfer Priority Order

Comp	Transfer Priority Order (Smaller number is higher)
POAC	1st Priority
SSAC	2nd Priority

IMG activity *Accruals Management -> Applications of the Accrual Engine -> Service Entry Sheet Accruals -> Transfer of Service Purchase Orders from MM to the Accrual Engine -> Adjust Transfer Priorities for Accruals*

SSAC accruals are only relevant to purchase orders with at least one line belonging to lean service purchasing. The transfer priority logic is as follows:

The system first checks whether the purchase order has lean service purchasing;

- If yes, then check whether items match the transfer variant defined as the first priority component, else the transfer variant defined in the second priority component works;
- If no, then the system always checks the POAC component, despite that there are items defined as matched;

Figure 10: Relevant Configuration -Transfer Priority

Figure 11: Accrual Postings Reversal

As of S/4HANA Cloud 2208 and S/4HANA 2022, you can choose to reverse the accrual periodic posting on the first day of the next period when the accrual postings job is executed if the accrual items meet the following conditions:

- Accruals item type's posting mode is configured as "**full mode**": "delta posting" is deselected;
- Utilization (UP) or Late Utilization (UL) are not used for corresponding accrual item types: these two transaction types are not configured for the accrual item types needed to have reverse postings;
- Only periodic posting (transaction type PP) is reversed;
- ✓ The next posting period must be opened for the relevant accounts.

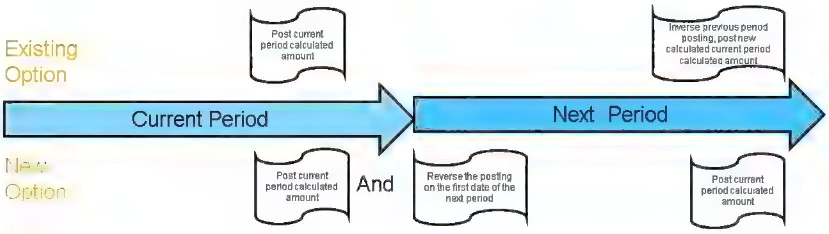
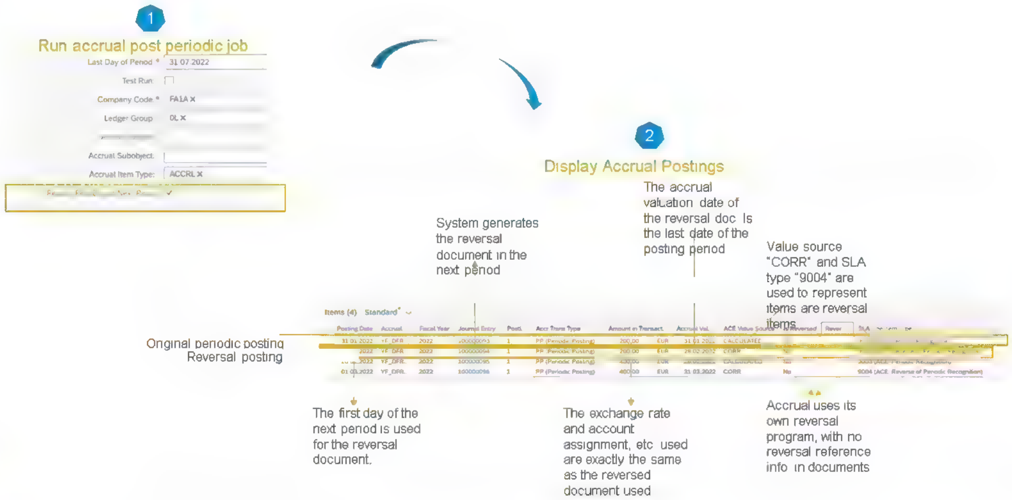

Existing Option
Post current period calculated amount
Inverse previous period posting, post new calculated current period calculated amount
Current Period
Next Period
New Option
Post current period calculated amount
And
Reverse the posting on the first date of the next period
Post current period calculated amount

Figure 12: Accrual Postings Reversal


1
Run accrual post periodic job
2
Display Accrual Postings
Items (4) Standard

Last Day of Period *: 31 07 2022
Test Run: ☐
Company Code *: FA1A ×
Ledger Group: 0L ×
Accrual Subobject:
Accrual Item Type: ACCRL ×

System generates the reversal document in the next period

The accrual valuation date of the reversal doc is the last date of the posting period

Value source "CORR" and SLA type "9004" are used to represent items are reversal items

Original periodic posting
Reversal posting

The first day of the next period is used for the reversal document.

The exchange rate and account assignment, etc used are exactly the same as the reversed document used

Accrual uses its own reversal program, with no reversal reference info in documents

Figure 13: Reverse Accrual Postings

Figure 14: Simulate Accruals Postings

Report1: Accrual Postings - **With Simulation:** provide detailed accruals postings information **with measure "accrual amount".** The amount is either the posted amount or

Report2: Accrual Postings – Simulated/Posted: provide detailed accruals postings information with **two measures:** one is the posted amount, the other is the planned posting amount

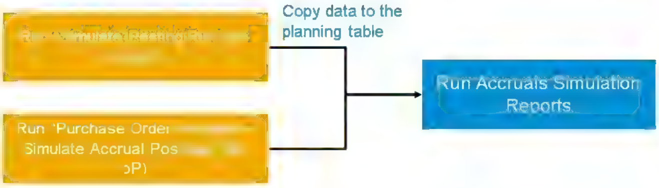
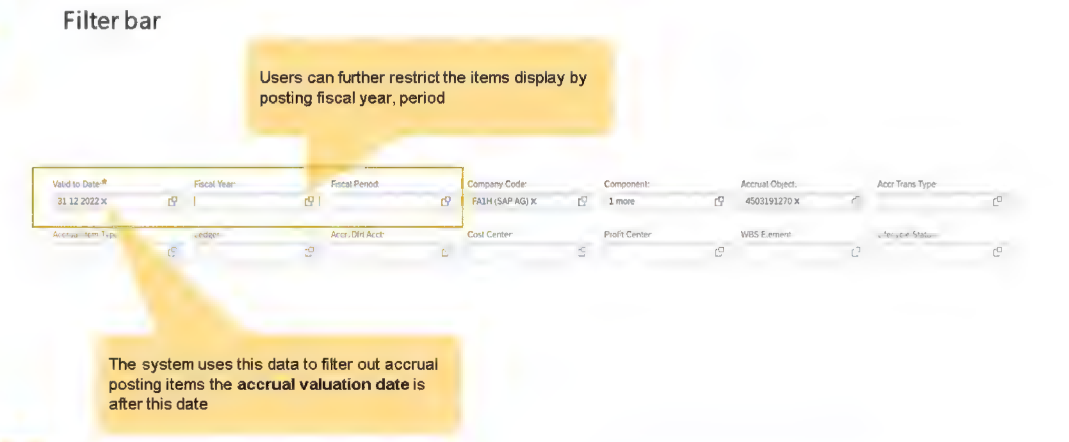

Copy data to the planning table
Run 'Purchase Order
Simulate Accrual Pos
P)
Run Accruals Simulation Reports

Figure 15: Accruals Simulation Reports



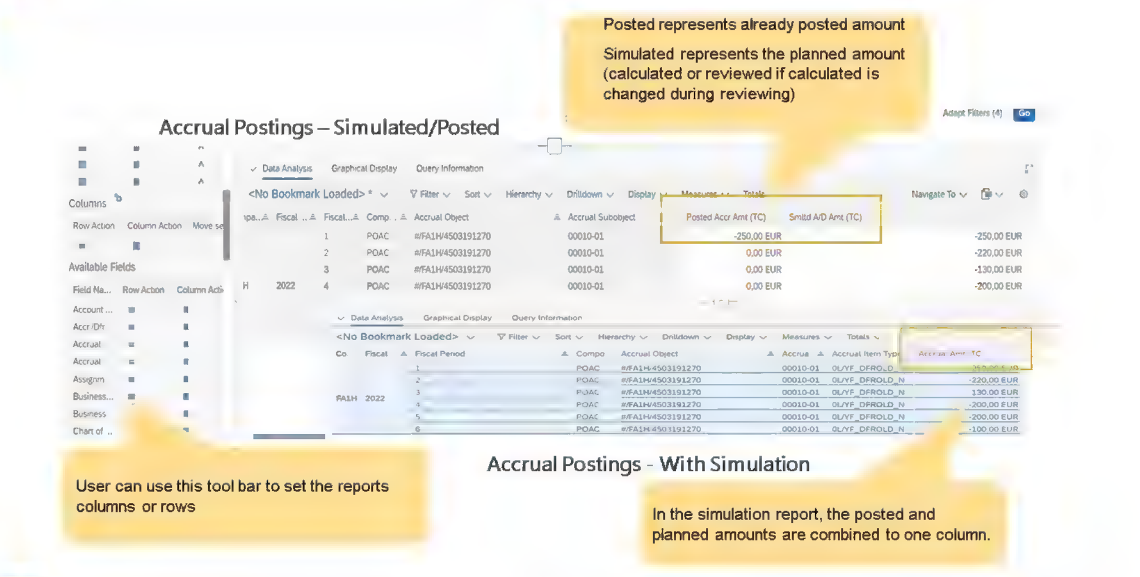
Filter bar

Users can further restrict the items display by posting fiscal year, period

Valid to Date:* 31 12 2022
Fiscal Year:
Fiscal Period:
Company Code: FA1H (SAP AG)
Component: 1 more
Accrual Object: 4503191270
Accr Trans Type:
Accrual Item Type:
Ledger:
Accr./Dfrl Acct:
Cost Center:
Profit Center:
WBS Element:
Lifecycle Status:

The system uses this data to filter out accrual posting items the **accrual valuation date** is after this date

Figure 16: Accruals simulation reports - Detail



Posted represents already posted amount

Simulated represents the planned amount (calculated or reviewed if calculated is changed during reviewing)

Accrual Postings – Simulated/Posted

Adapt Filters (4)
Go
Columns
Row Action
Column Action
Move se
Available Fields
Field Na...
Row Action
Column Acti
Account ...
Accr /Dfr
Accrual
Accrual
Assignm
Business...
Business
Chart of ..
Data Analysis
Graphical Display
Query Information
<No Bookmark Loaded> *
Filter
Sort
Hierarchy
Drilldown
Display
Measures
Totals
Navigate To

..pa..	Fiscal ..	Fiscal...	Comp. .	Accrual Object	Accrual Subobject	Posted Accr Amt (TC)	Smltd A/D Amt (TC)
		1	POAC	#/FA1H/4503191270	00010-01	-250,00 EUR	-250,00 EUR
		2	POAC	#/FA1H/4503191270	00010-01	0,00 EUR	-220,00 EUR
		3	POAC	#/FA1H/4503191270	00010-01	0,00 EUR	-130,00 EUR
H	2022	4	POAC	#/FA1H/4503191270	00010-01	0,00 EUR	-200,00 EUR

Data Analysis
Graphical Display
Query Information
<No Bookmark Loaded>
Filter
Sort
Hierarchy
Drilldown
Display
Measures
Totals

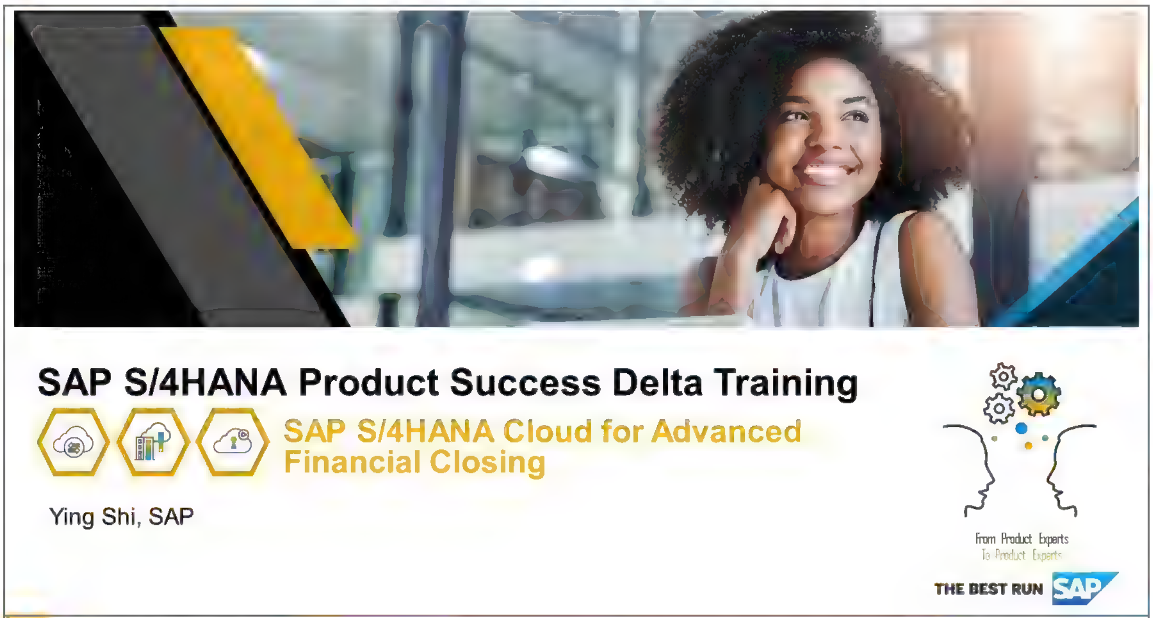
Co.	Fiscal	Fiscal Period	Compo	Accrual Object	Accrua	Accrual Item Type	Accrual Amt TC
FA1H	2022	1	POAC	#/FA1H/4503191270	00010-01	OL/YF_DFROLD	[illegible]
		2	POAC	#/FA1H/4503191270	00010-01	OL/YF_DFROLD_N	-220,00 EUR
		3	POAC	#/FA1H/4503191270	00010-01	OL/YF_DFROLD_N	130,00 EUR
		4	POAC	#/FA1H/4503191270	00010-01	OL/YF_DFROLD_N	-200,00 EUR
		5	POAC	#/FA1H/4503191270	00010-01	OL/YF_DFROLD_N	-200,00 EUR
		6	POAC	#/FA1H/4503191270	00010-01	OL/YF_DFROLD_N	-100,00 EUR

User can use this tool bar to set the reports columns or rows

Accrual Postings - With Simulation

In the simulation report, the posted and planned amounts are combined to one column.

Figure 17: Accruals simulation reports - detail



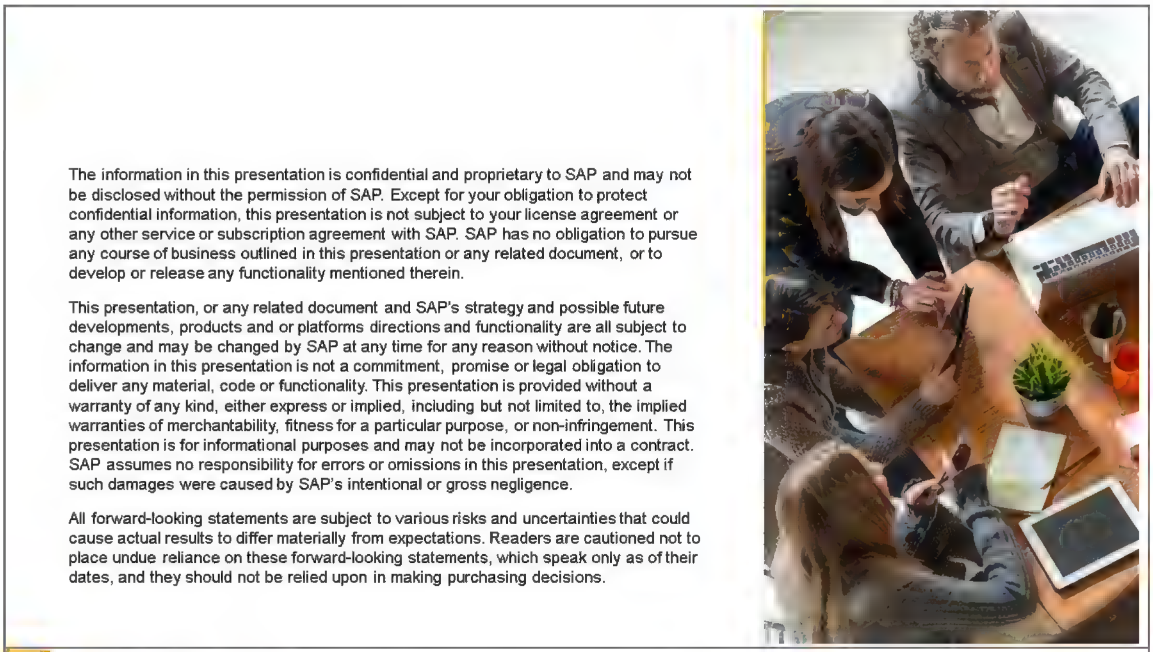
SAP S/4HANA Product Success Delta Training

SAP S/4HANA Cloud for Advanced Financial Closing

Ying Shi, SAP

From Product Experts
To Product Experts
THE BEST RUN SAP

Figure 18: Accruals



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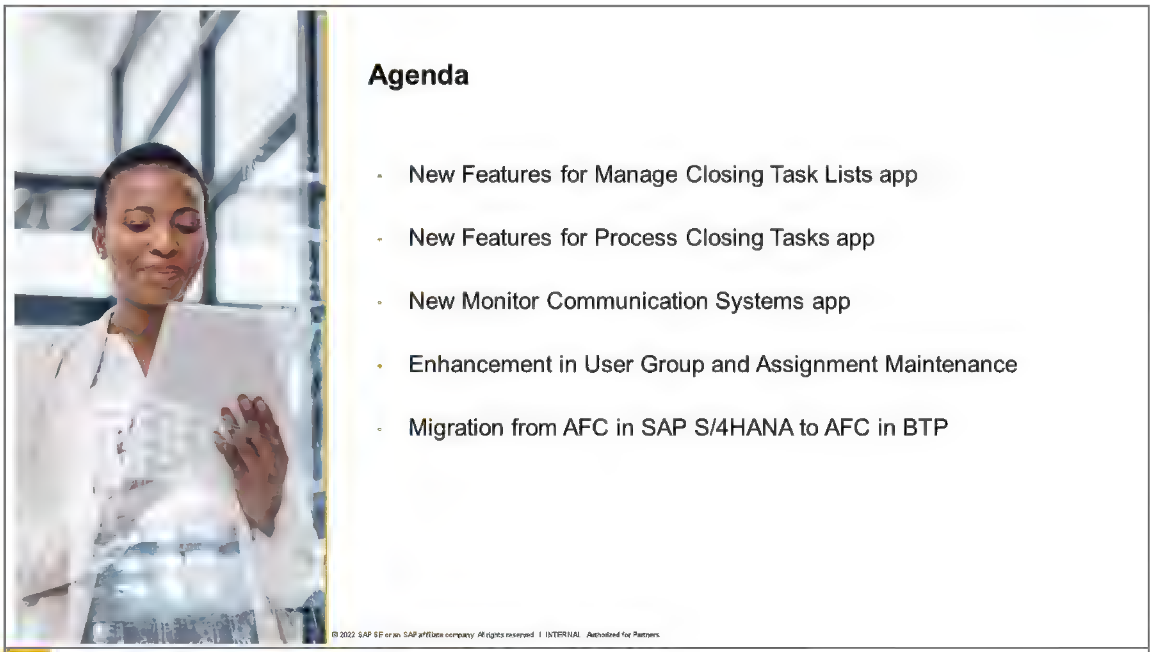

Agenda

- New Features for Manage Closing Task Lists app
- New Features for Process Closing Tasks app
- New Monitor Communication Systems app
- Enhancement in User Group and Assignment Maintenance
- Migration from AFC in SAP S/4HANA to AFC in BTP

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Figure 20: Accruals

SAP S/4HANA Cloud for Advanced Financial Closing helps customers with closing management and orchestration. It supports the planning, execution, monitoring, and analysis of period-end closing tasks for all entities.

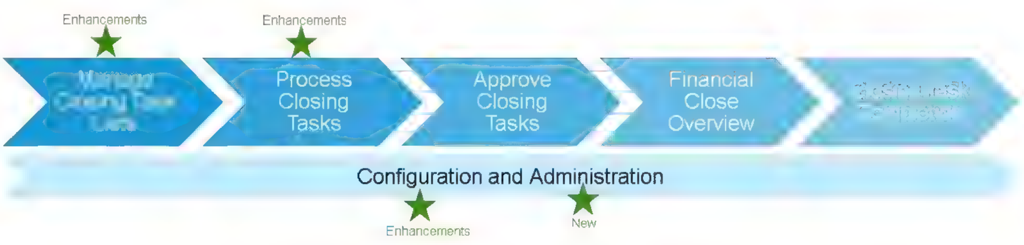
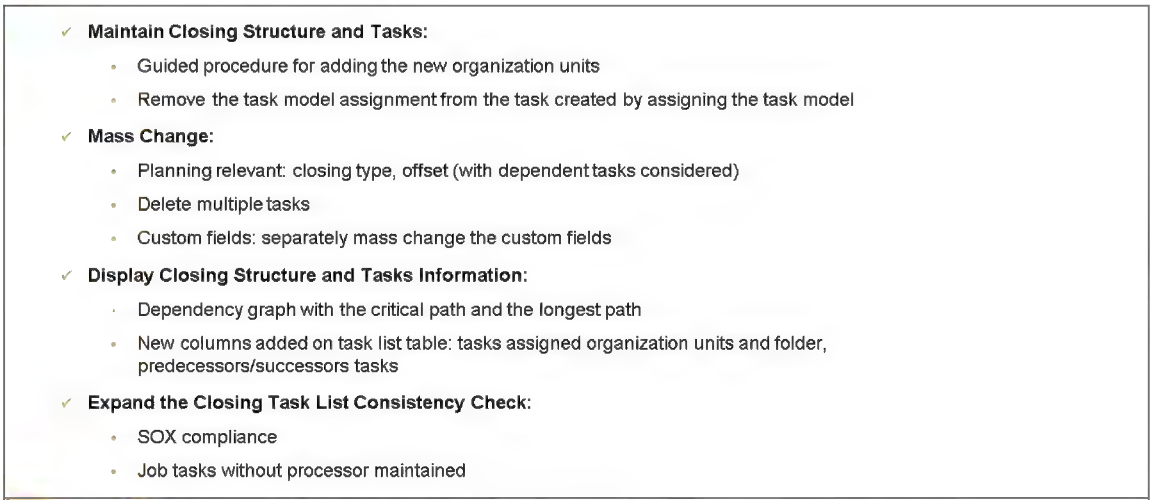
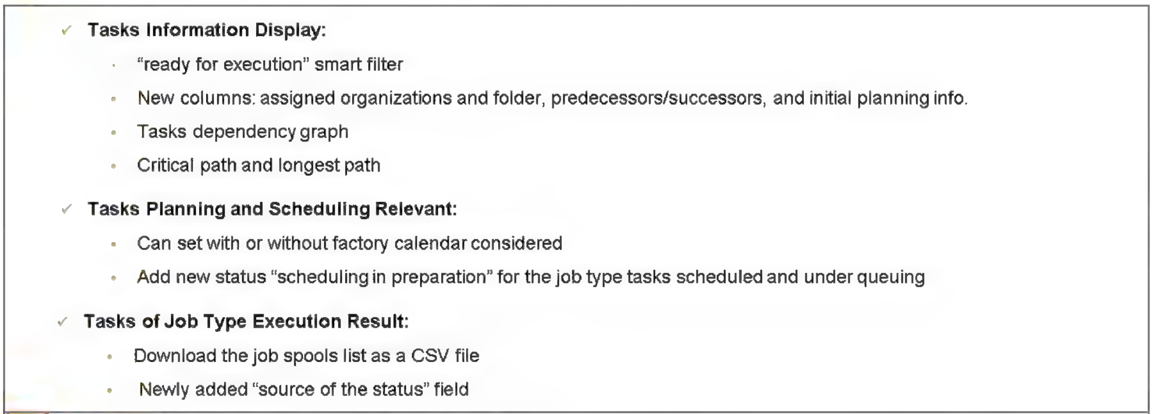

Enhancements
Enhancements
Manage Closing Task Lists
Process Closing Tasks
Approve Closing Tasks
Financial Close Overview
Configuration and Administration
Enhancements
New

Figure 21: Product Overview



- ✓ **Maintain Closing Structure and Tasks:**
  - Guided procedure for adding the new organization units
  - Remove the task model assignment from the task created by assigning the task model
- ✓ **Mass Change:**
  - Planning relevant: closing type, offset (with dependent tasks considered)
  - Delete multiple tasks
  - Custom fields: separately mass change the custom fields
- ✓ **Display Closing Structure and Tasks Information:**
  - Dependency graph with the critical path and the longest path
  - New columns added on task list table: tasks assigned organization units and folder, predecessors/successors tasks
- ✓ **Expand the Closing Task List Consistency Check:**
  - SOX compliance
  - Job tasks without processor maintained

Figure 22: New features for Manage Closing Task Lists app



- ✓ **Tasks Information Display:**
  - “ready for execution” smart filter
  - New columns: assigned organizations and folder, predecessors/successors, and initial planning info.
  - Tasks dependency graph
  - Critical path and longest path
- ✓ **Tasks Planning and Scheduling Relevant:**
  - Can set with or without factory calendar considered
  - Add new status “scheduling in preparation” for the job type tasks scheduled and under queuing
- ✓ **Tasks of Job Type Execution Result:**
  - Download the job spools list as a CSV file
  - Newly added “source of the status” field

Figure 23: New features for Process Closing Tasks app

Key Features

- Overview of overall system statuses
- Source of any errors
- Detailed information about checks and synchronization runs
- Option to start new checks or synchronization runs manually (*automatically check frequency is in here)
- Detailed error messages for specific checks and synchronization runs

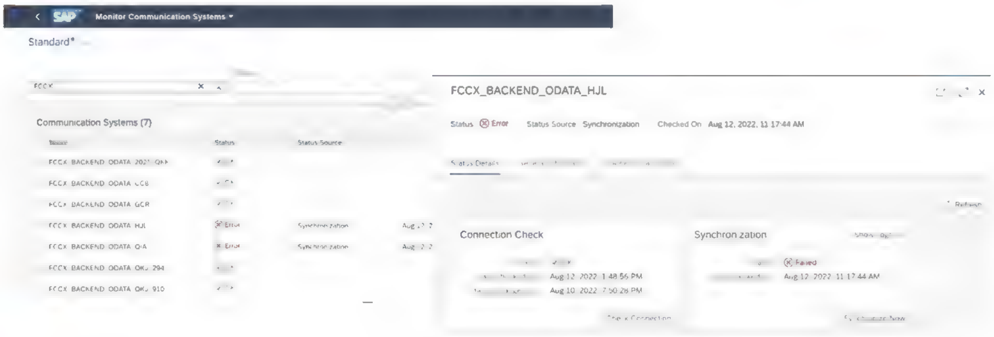

SAP
Monitor Communication Systems
Standard*
Communication Systems (7)
FCCX_BACKEND_ODATA_HJL
Status
Error
Status Source
Synchronization
Checked On
Aug 12, 2022, 11:17:44 AM
Connection Check
Synchronization
Failed
Aug 12, 2022, 1:48:56 PM
Aug 10, 2022, 7:50:26 PM
Aug 12, 2022, 11:17:44 AM

Figure 24: New Monitor Communication Systems app

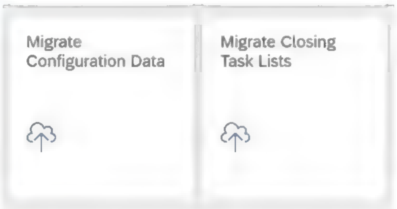
✓ **Manage User Group:**

- Uploading user groups
- Uploading user to user group assignment

✓ **Manage Users:**

- Initially created user is with default status “inactive”
- User status is changed to “active” after the first time sign in

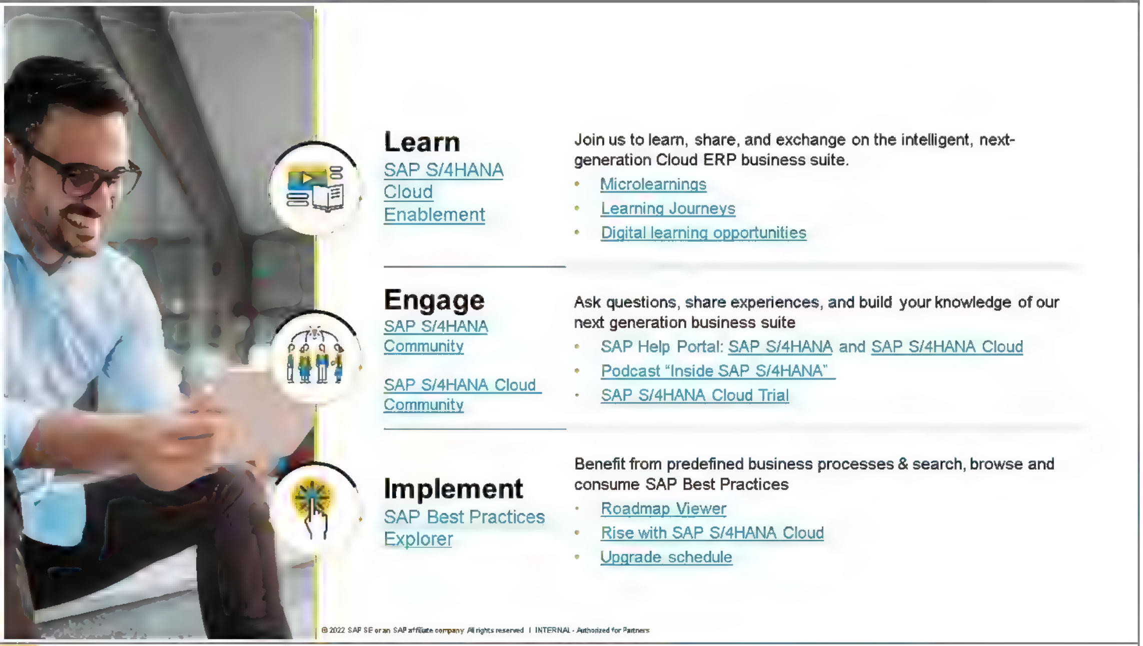
Figure 25: Enhancement in the user group and user management


Migrate Configuration Data
Migrate Closing Task Lists

Current status:

1) Two apps were released so customers can self-migrate the master data and transaction data to the AFC BTP version
2) Detail guidance is published
3) One customer has already successfully finished the migration by August 2022
4) No explicate plan on deadline yet, case by case discussion is needed

Figure 26: Two new migrating from AFC SAP S/4HANA Cloud version to BTP version are released



Learn
SAP S/4HANA Cloud Enablement

Join us to learn, share, and exchange on the intelligent, next-generation Cloud ERP business suite.

- Microlearnings
- Learning Journeys
- Digital learning opportunities

Engage
SAP S/4HANA Community

SAP S/4HANA Cloud Community

Ask questions, share experiences, and build your knowledge of our next generation business suite

- SAP Help Portal: SAP S/4HANA and SAP S/4HANA Cloud
- Podcast "Inside SAP S/4HANA"
- SAP S/4HANA Cloud Trial

Implement
SAP Best Practices Explorer

Benefit from predefined business processes & search, browse and consume SAP Best Practices

- Roadmap Viewer
- Rise with SAP S/4HANA Cloud
- Upgrade schedule

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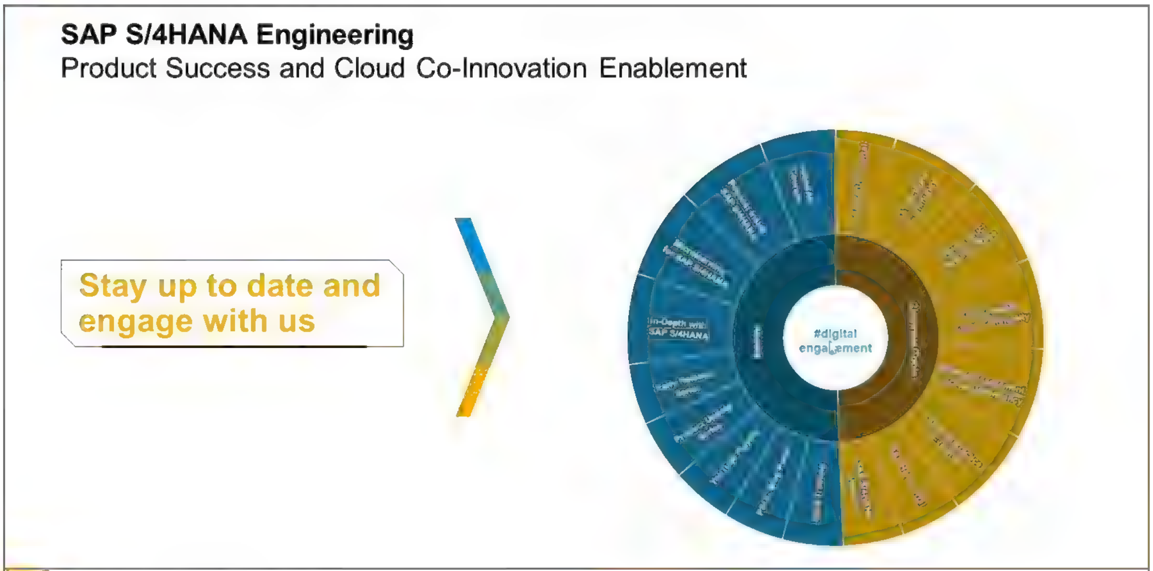
Figure 27: Accruals

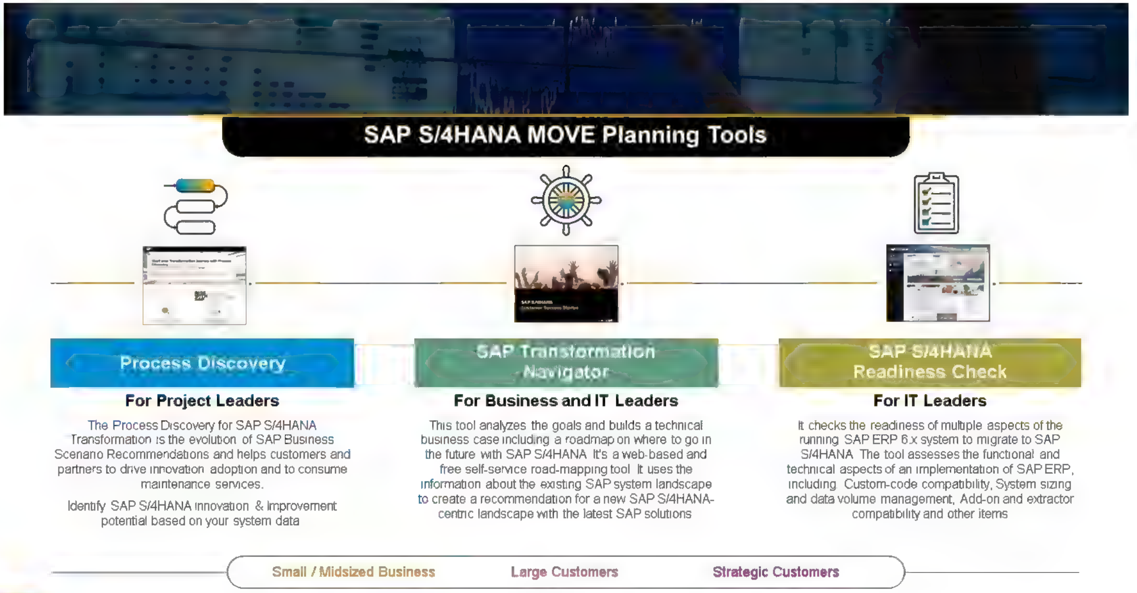


SAP S/4HANA Engineering
Product Success and Cloud Co-Innovation Enablement

Stay up to date and engage with us

Figure 28: Accruals

Copy & paste „sign up" link into browser.



SAP S/4HANA MOVE Planning Tools

Process Discovery

For Project Leaders

The Process Discovery for SAP S/4HANA Transformation is the evolution of SAP Business Scenario Recommendations and helps customers and partners to drive innovation adoption and to consume maintenance services.

Identify SAP S/4HANA innovation & improvement potential based on your system data

SAP Transformation Navigator

For Business and IT Leaders

This tool analyzes the goals and builds a technical business case including a roadmap on where to go in the future with SAP S/4HANA. It's a web-based and free self-service road-mapping tool. It uses the information about the existing SAP system landscape to create a recommendation for a new SAP S/4HANA-centric landscape with the latest SAP solutions

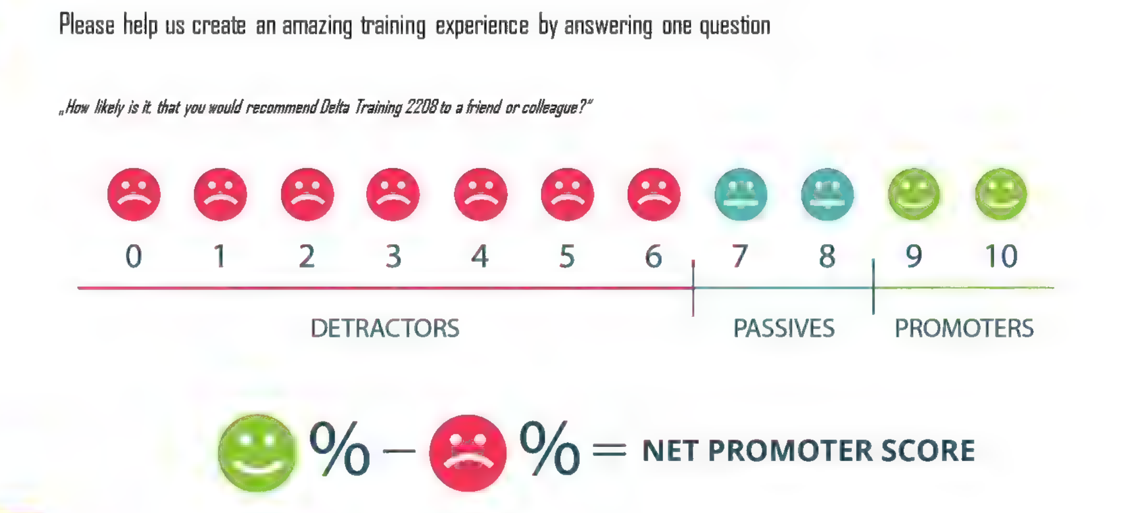
SAP S/4HANA Readiness Check

For IT Leaders

It checks the readiness of multiple aspects of the running SAP ERP 6.x system to migrate to SAP S/4HANA. The tool assesses the functional and technical aspects of an implementation of SAP ERP, including Custom-code compatibility, System sizing and data volume management, Add-on and extractor compatibility and other items

Figure 29: Accruals

Identify SAP S/4HANA Innovation & Improvement potential based on your system data



Please help us create an amazing training experience by answering one question

„How likely is it that you would recommend Delta Training 2208 to a friend or colleague?"

Figure 30: Accruals

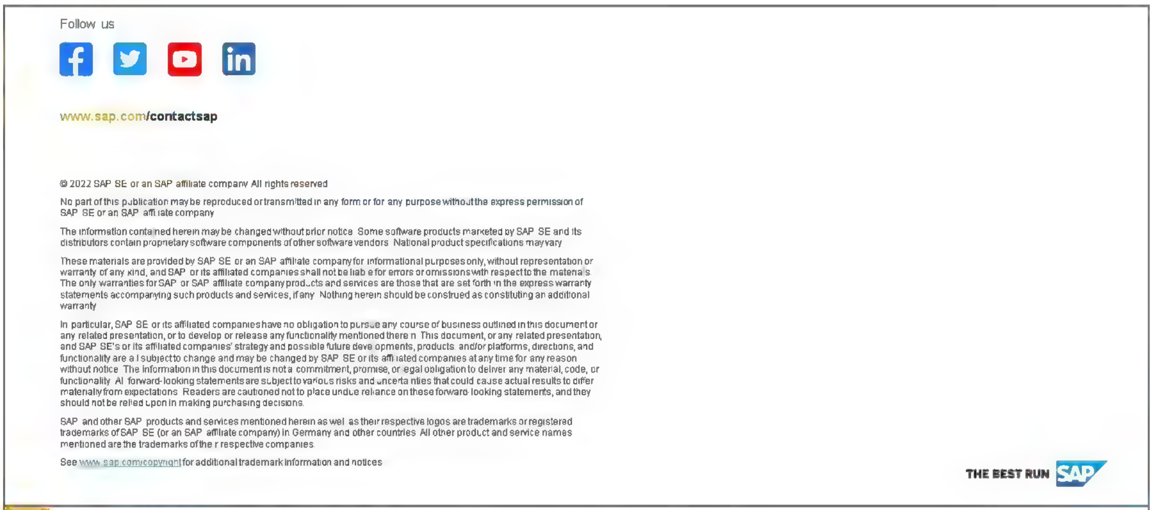


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Figure 31: Accruals

Advanced Valuations

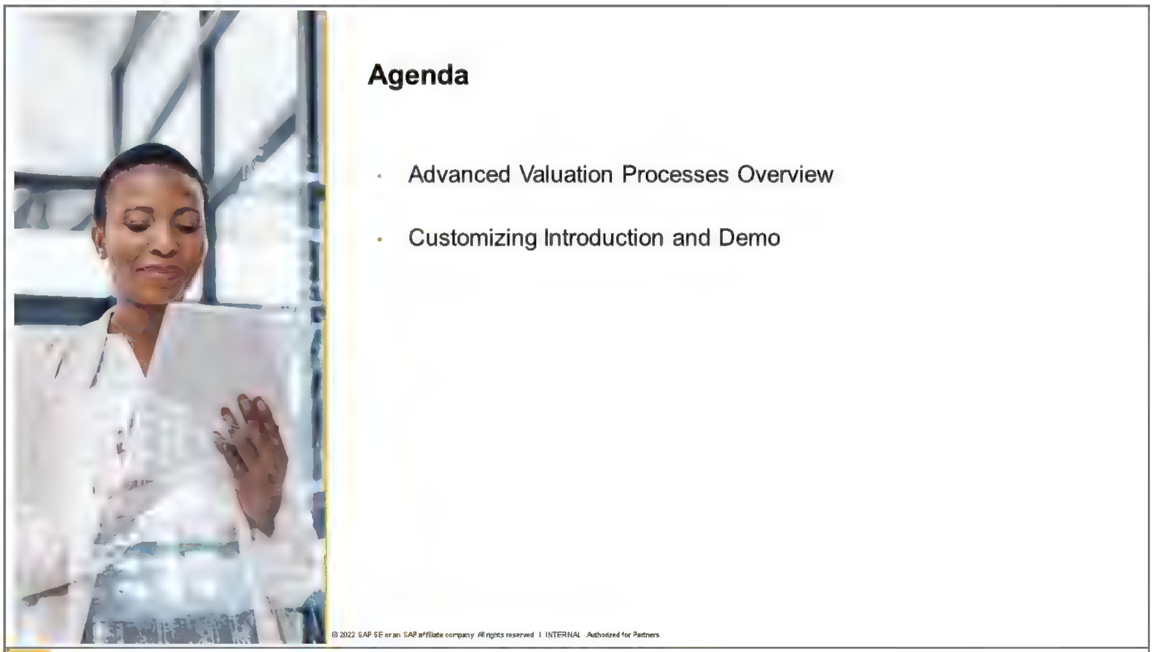
SAP S/4HANA Product Success Delta Training

S/4HANA Finance GL Advanced Valuations

Elena Pospiech, SAP

From Product Experts
to Product Experts

Figure 32: Advanced Valuations



Agenda

- Advanced Valuation Processes Overview
- Customizing Introduction and Demo

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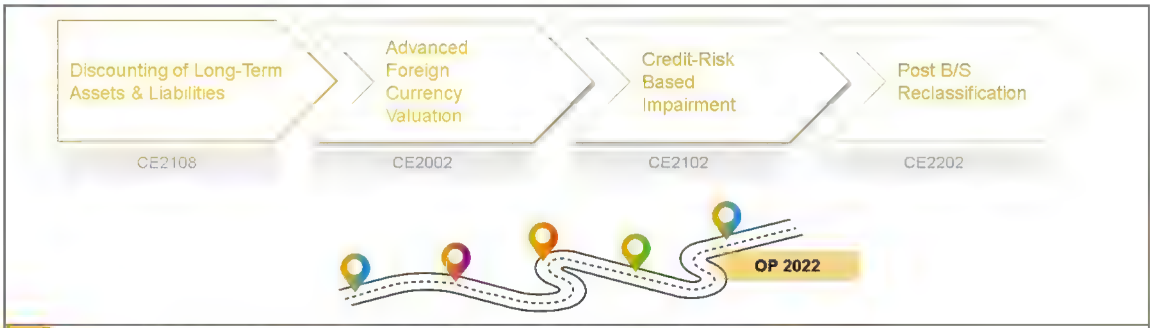
Figure 33: Advanced Valuations



Discounting of Long-Term Assets & Liabilities
CE2108

Advanced Foreign Currency Valuation
CE2002

Credit-Risk Based Impairment
CE2102

Post B/S Reclassification
CE2202

OP 2022

Figure 34: General OverviewSequence of Period-End Advanced Valuation Processes

On this slide, the sequence of our period-end Advanced Valuation Runs can be seen. Starting with die Discounting Run for Long-Term Assets and Liabilities, via the Advanced Foreign Currency Valuation and the Credit-Rick Based Impairment to our latest development, the B/S Reclassification.

Hereby, I can as well provide some information about the Release in which the dedicated Advanced Valuation Run was delivered:

1. Discounting of Long-Term Assets and Liabilities: CE2108
2. Advanced Foreign Currency Valuation: CE2002
3. Credit-Risk-Based Impairment: CE2102
4. Post B/S Reclassification: CE2202

For contracts within the scope of IFRS 15 and which include a significant financing component for payments in arrears, a question arises around the sequence of applying the measurement guidance of the respective IFRS standards for:

The time value of money effects (discounting), including the question around the applicable interest rate (risk-free vs. credit risk-adjusted) - IFRS 15, IFRS 9;

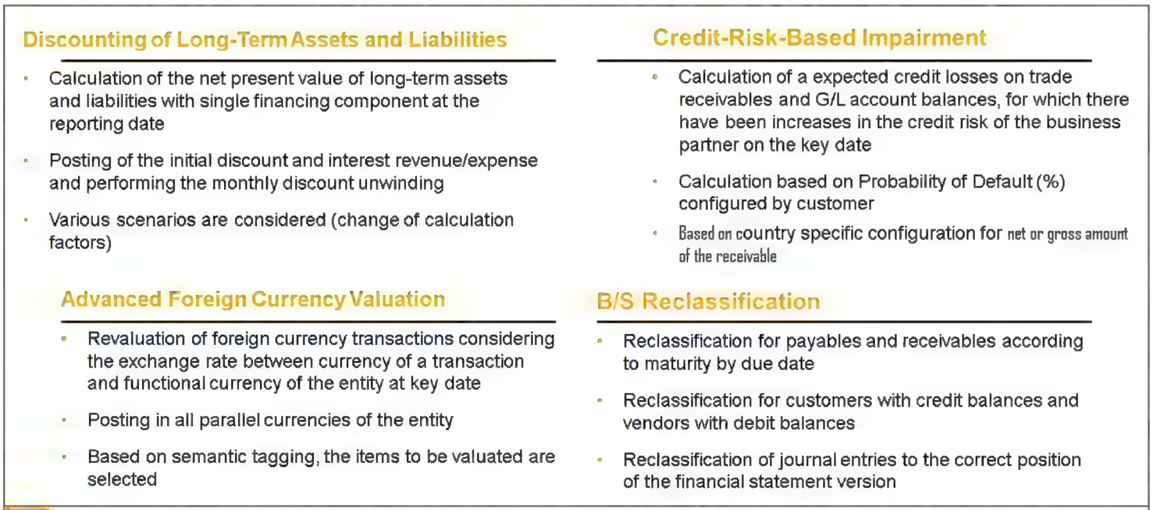
Credit impairment (ECL) - IFRS 9;

Foreign currency measurement - IAS 21.

In addition, the classification of the trade receivable into current/non-current (IAS 1) arises.

The two fundamental functionalities is the reclassification of payables and receivables according to maturity by due date and the reclassification for customers with credit balances and vendors with debit balances.

A customer invoice is posted with a due date of today plus three years, the Reclassification Run check the maturity definition according to the sign (if it positive it is debit, if it is negative it is credit) and will post it to the correct Financial Statement Version Position.



Discounting of Long-Term Assets and Liabilities

- Calculation of the net present value of long-term assets and liabilities with single financing component at the reporting date
- Posting of the initial discount and interest revenue/expense and performing the monthly discount unwinding
- Various scenarios are considered (change of calculation factors)

Credit-Risk-Based Impairment

- Calculation of a expected credit losses on trade receivables and G/L account balances, for which there have been increases in the credit risk of the business partner on the key date
- Calculation based on Probability of Default (%) configured by customer
- Based on country specific configuration for net or gross amount of the receivable

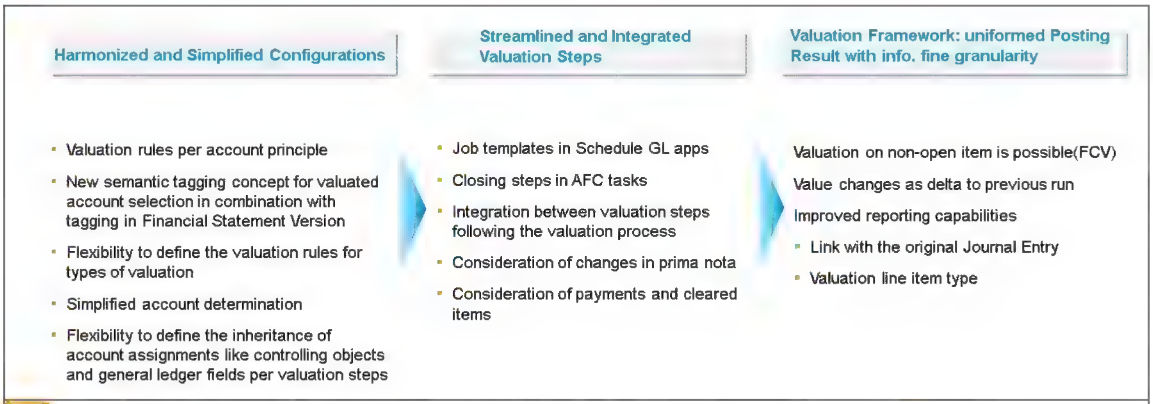
Advanced Foreign Currency Valuation

- Revaluation of foreign currency transactions considering the exchange rate between currency of a transaction and functional currency of the entity at key date
- Posting in all parallel currencies of the entity
- Based on semantic tagging, the items to be valuated are selected

B/S Reclassification

- Reclassification for payables and receivables according to maturity by due date
- Reclassification for customers with credit balances and vendors with debit balances
- Reclassification of journal entries to the correct position of the financial statement version

Figure 35: General Overview - Functionalities



Harmonized and Simplified Configurations

- Valuation rules per account principle
- New semantic tagging concept for valuated account selection in combination with tagging in Financial Statement Version
- Flexibility to define the valuation rules for types of valuation
- Simplified account determination
- Flexibility to define the inheritance of account assignments like controlling objects and general ledger fields per valuation steps

Streamlined and Integrated Valuation Steps

- Job templates in Schedule GL apps
- Closing steps in AFC tasks
- Integration between valuation steps following the valuation process
- Consideration of changes in prima nota
- Consideration of payments and cleared items

Valuation Framework: uniformed Posting Result with info. fine granularity

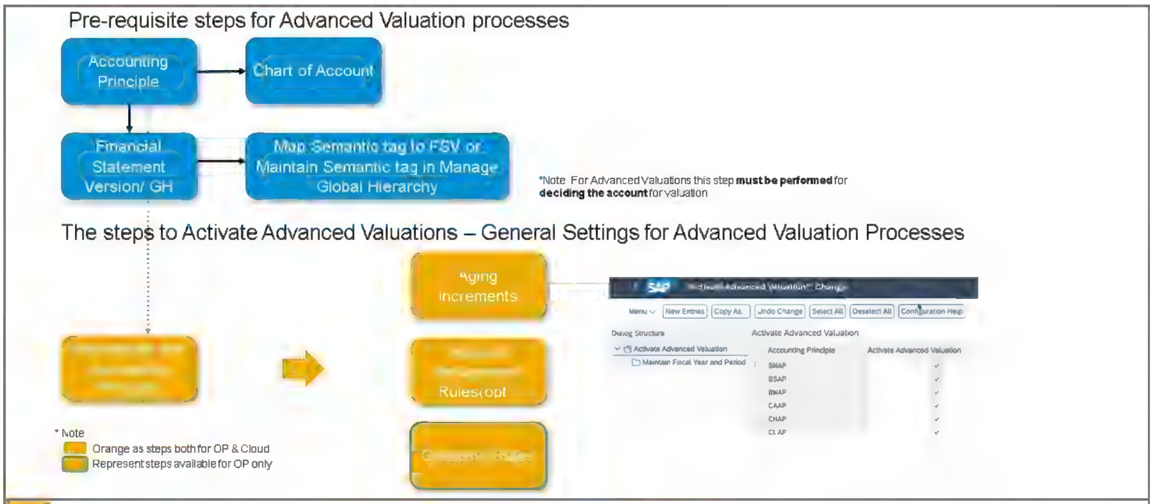
Valuation on non-open item is possible(FCV)

Value changes as delta to previous run

Improved reporting capabilities

- Link with the original Journal Entry
- Valuation line item type

Figure 36: General Overview - Innovation Highlight



Pre-requisite steps for Advanced Valuation processes

Accounting Principle
Chart of Account
Financial Statement Version/ GH
Map Semantic tag to FSV or Maintain Semantic tag in Manage Global Hierarchy

*Note For Advanced Valuations this step **must be performed** for **deciding the account** for valuation

The steps to Activate Advanced Valuations – General Settings for Advanced Valuation Processes

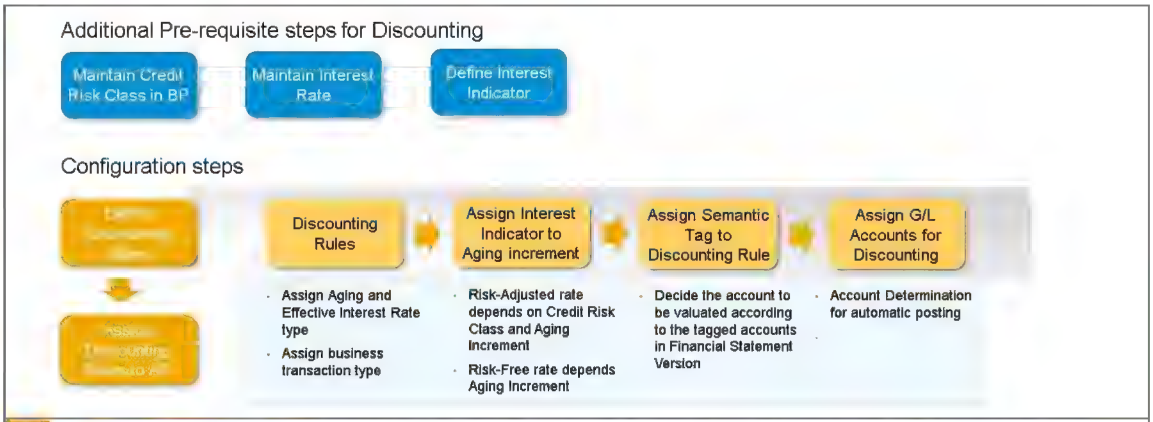
Aging Increments
Rules(opt
Menu
New Entries
Copy As.
Undo Change
Select All
Deselect All
Configuration Help
Dialog Structure
Activate Advanced Valuation
Maintain Fiscal Year and Period

Activate Advanced Valuation

Accounting Principle	Activate Advanced Valuation
BMAP	✓
BSAP	✓
BWAP	✓
CAAP	✓
CHAP	✓
CLAP	✓

* Note
🟧 Orange as steps both for OP & Cloud
🟧 Represent steps available for OP only

Figure 37: Configuration to enable Advanced Valuations General steps to enable Advanced Valuation in Accounting



Additional Pre-requisite steps for Discounting

Maintain Credit Risk Class in BP
Maintain Interest Rate
Define Interest Indicator

Configuration steps

Discounting Rules
Assign Interest Indicator to Aging increment
Assign Semantic Tag to Discounting Rule
Assign G/L Accounts for Discounting

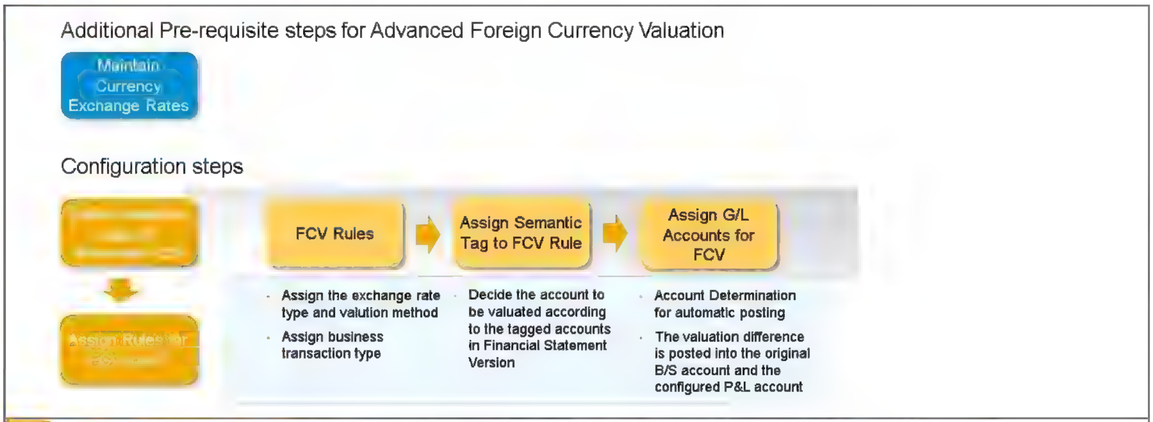
- Assign Aging and Effective Interest Rate type
- Assign business transaction type

- Risk-Adjusted rate depends on Credit Risk Class and Aging Increment
- Risk-Free rate depends Aging Increment

- Decide the account to be valuated according to the tagged accounts in Financial Statement Version

- Account Determination for automatic posting

Figure 38: Configuration for specific Valuation Processes Discounting for Long-Term Assets & Liabilities



Additional Pre-requisite steps for Advanced Foreign Currency Valuation

Maintain Currency Exchange Rates

Configuration steps

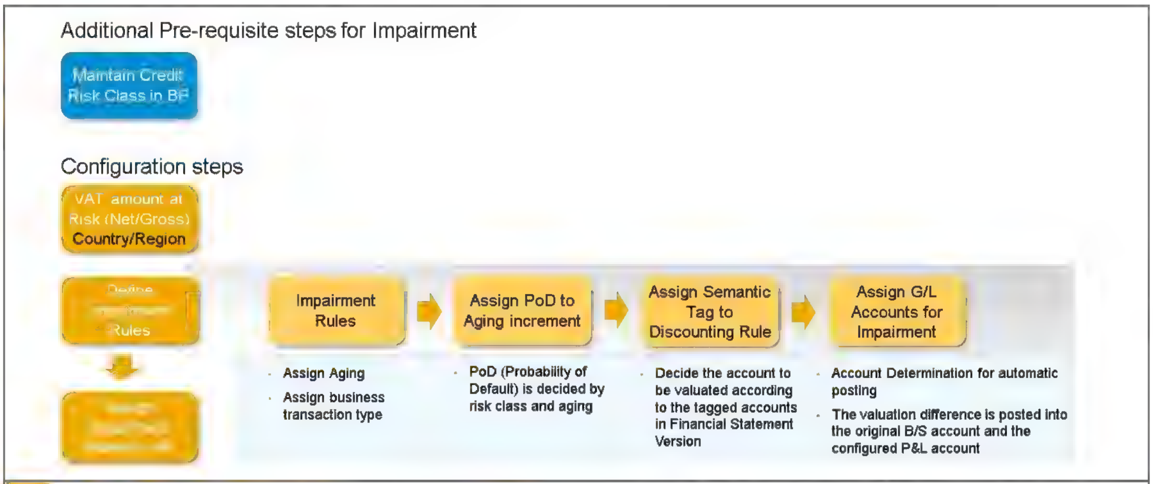
FCV Rules
Assign Semantic Tag to FCV Rule
Assign G/L Accounts for FCV
Assign Rules for

- Assign the exchange rate type and valution method
- Assign business transaction type

- Decide the account to be valuated according to the tagged accounts in Financial Statement Version

- Account Determination for automatic posting
- The valuation difference is posted into the original B/S account and the configured P&L account

Figure 39: Configuration for specific Valuation Processes Advanced Foreign Currency Valuation



Additional Pre-requisite steps for Impairment

Maintain Credit Risk Class in BP

Configuration steps

VAT amount at Risk (Net/Gross) Country/Region

Define [illegible] Rules

[illegible]

Impairment Rules

- Assign Aging
- Assign business transaction type

Assign PoD to Aging increment

- PoD (Probability of Default) is decided by risk class and aging

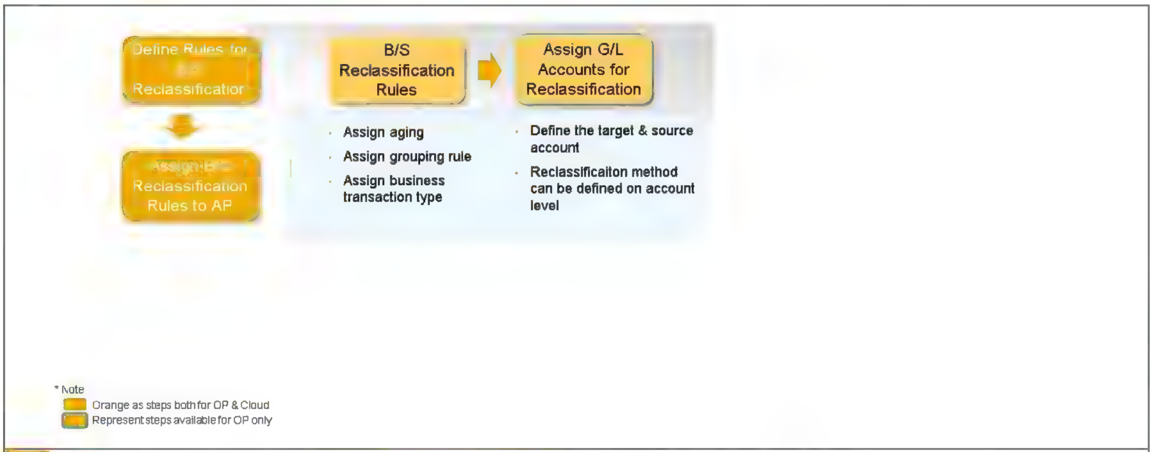
Assign Semantic Tag to Discounting Rule

- Decide the account to be valuated according to the tagged accounts in Financial Statement Version

Assign G/L Accounts for Impairment

- Account Determination for automatic posting
- The valuation difference is posted into the original B/S account and the configured P&L account

Figure 40: Configuration for specific Valuation Processes Credit-Risk based Impairment



Define Rules for B/S Reclassification

Assign B/S Reclassification Rules to AP

B/S Reclassification Rules

- Assign aging
- Assign grouping rule
- Assign business transaction type

Assign G/L Accounts for Reclassification

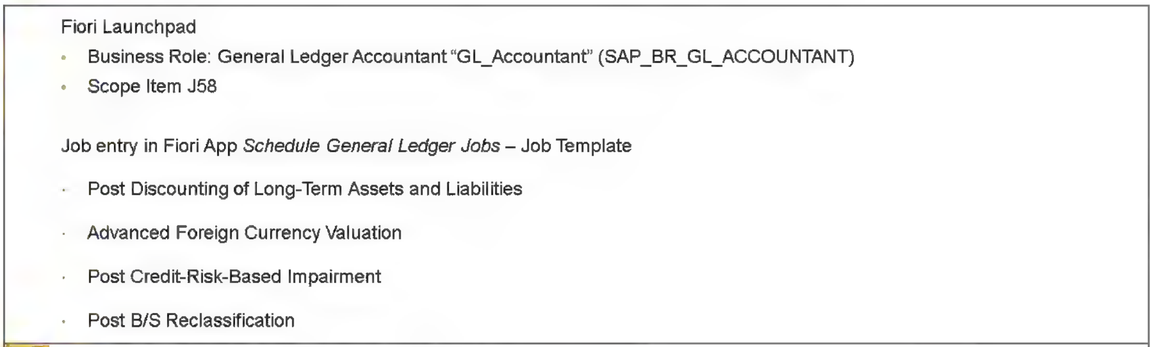
- Define the target & source account
- Reclassificaiton method can be defined on account level

* Note

🟧 Orange as steps both for OP & Cloud

🟧 Represent steps available for OP only

Figure 41: Configuration for specific Valuation Processes Post B/S Reclassification



Fiori Launchpad

- Business Role: General Ledger Accountant "GL_Accountant" (SAP_BR_GL_ACCOUNTANT)
- Scope Item J58

Job entry in Fiori App *Schedule General Ledger Jobs* – Job Template

- Post Discounting of Long-Term Assets and Liabilities
- Advanced Foreign Currency Valuation
- Post Credit-Risk-Based Impairment
- Post B/S Reclassification

Figure 42: Execute the Advanced Valuation Runs

Advanced Valuation in Financial Accounting - New Apps and Transactions | SAP Help Portal

- Post Discounting of Long-Term Assets and Liabilities | SAP Help Portal
- Advanced Foreign Currency Valuation | SAP Help Portal
- Post Credit-Risk-Based Impairment | SAP Help Portal
- Post B/S Reclassification | SAP Help Portal

Best Practice Scope Item J58 and Test Script

Blog Series:

- Advanced Valuations: Post Discounting of Long-Term Assets & Liabilities
- Advanced Valuations: Perform Foreign Currency Valuation with the new Advanced Valuations in SAP S/4HANA Cloud
- Advanced Valuations: Post Credit-Risk Based Impairment
- Advanced Valuations: Post B/S Reclassification for Correct Presentation of Financial Statements

Figure 43: Useful documentation

Learn

SAP S/4HANA Cloud Enablement

Join us to learn, share, and exchange on the intelligent, next-generation Cloud ERP business suite.

- Microlearnings
- Learning Journeys
- Digital learning opportunities

Engage

SAP S/4HANA Community

SAP S/4HANA Cloud Community

Ask questions, share experiences, and build your knowledge of our next generation business suite

- SAP Help Portal: SAP S/4HANA and SAP S/4HANA Cloud
- Podcast "Inside SAP S/4HANA"
- SAP S/4HANA Cloud Trial

Implement

SAP Best Practices Explorer

Benefit from predefined business processes & search, browse and consume SAP Best Practices

- Roadmap Viewer
- Rise with SAP S/4HANA Cloud
- Upgrade schedule

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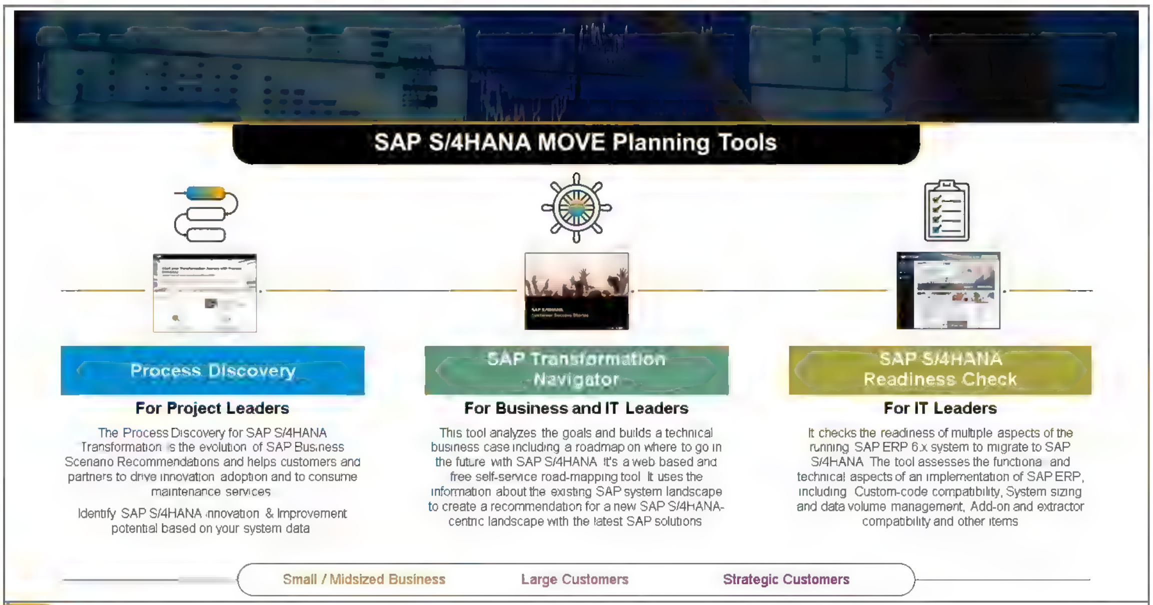
Figure 44: Advanced Valuations



SAP S/4HANA MOVE Planning Tools

For Project Leaders

The Process Discovery for SAP S/4HANA Transformation is the evolution of SAP Business Scenario Recommendations and helps customers and partners to drive innovation adoption and to consume maintenance services

Identify SAP S/4HANA innovation & Improvement potential based on your system data

For Business and IT Leaders

This tool analyzes the goals and builds a technical business case including a roadmap on where to go in the future with SAP S/4HANA It's a web based and free self-service road-mapping tool It uses the information about the existing SAP system landscape to create a recommendation for a new SAP S/4HANA-centric landscape with the latest SAP solutions

For IT Leaders

It checks the readiness of multiple aspects of the running SAP ERP 6.x system to migrate to SAP S/4HANA The tool assesses the functional and technical aspects of an implementation of SAP ERP, including Custom-code compatibility, System sizing and data volume management, Add-on and extractor compatibility and other items

Figure 45: Advanced Valuations

Identify SAP S/4HANA Innovation & Improvement potential based on your system data

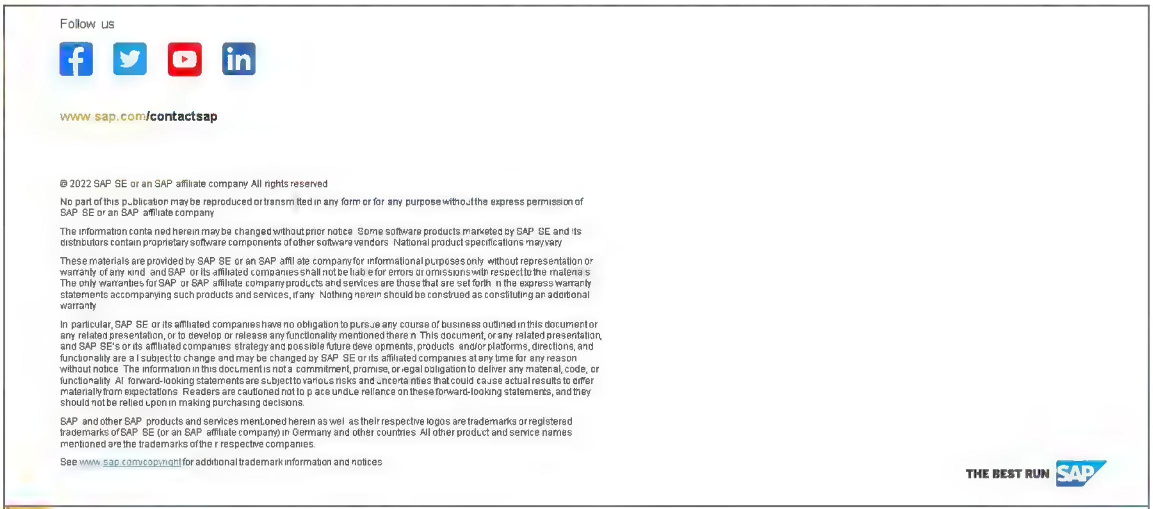


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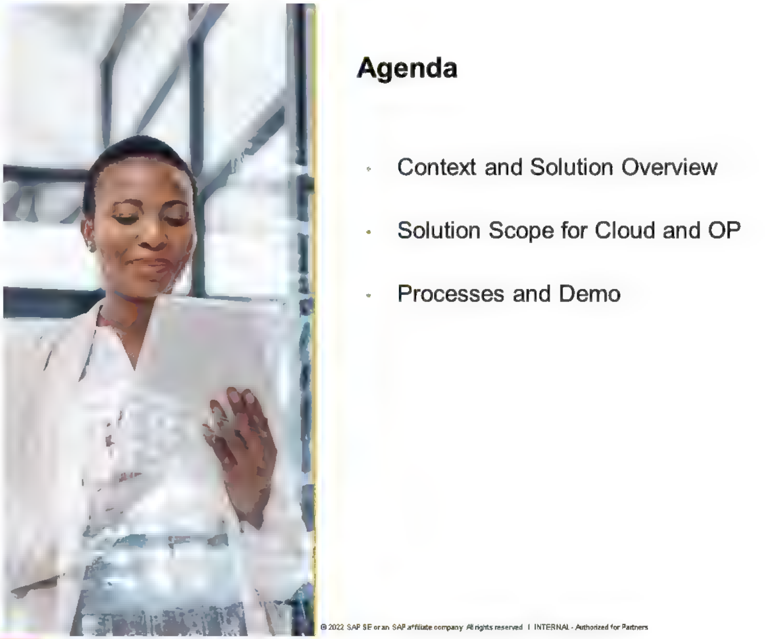
Figure 46: Advanced Valuations

Organizational Flexibility

SAP S/4HANA Product Success Delta Training

Organizational Flexibility in Financial Accounting

Figure 47: Organizational Flexibility



Agenda

- Context and Solution Overview
- Solution Scope for Cloud and OP
- Processes and Demo

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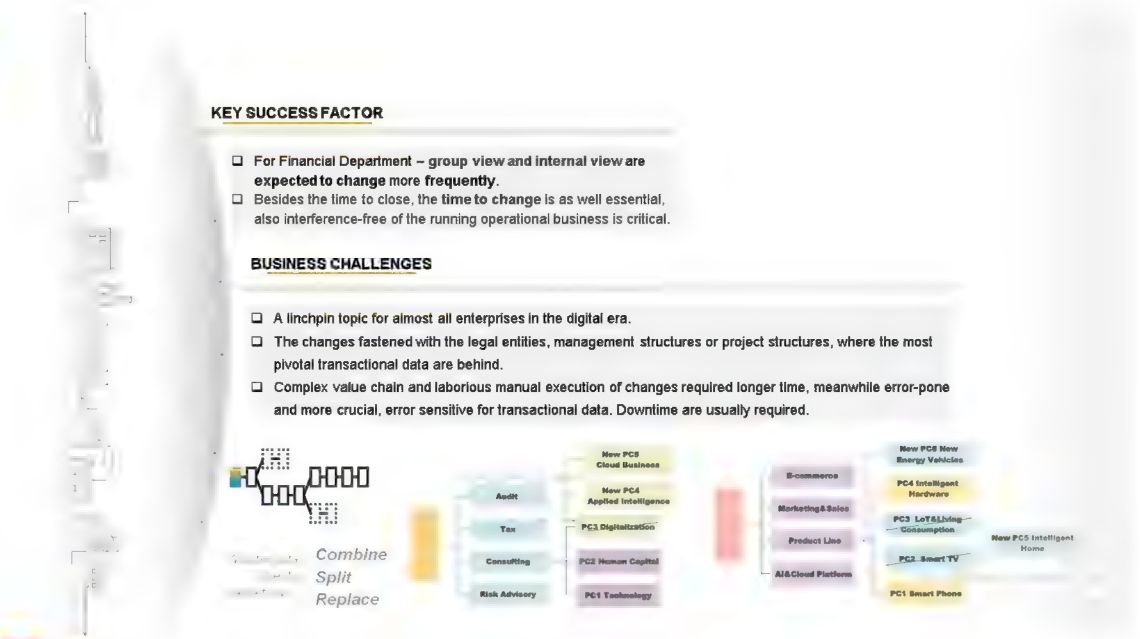
Figure 48: Organizational Flexibility



KEY SUCCESS FACTOR

- ☐ For Financial Department – **group view and internal view are expected to change** more **frequently**.
- ☐ Besides the time to close, the **time to change** is as well essential, also interference-free of the running operational business is critical.

BUSINESS CHALLENGES

- ☐ A linchpin topic for almost all enterprises in the digital era.
- ☐ The changes fastened with the legal entities, management structures or project structures, where the most pivotal transactional data are behind.
- ☐ Complex value chain and laborious manual execution of changes required longer time, meanwhile error-pone and more crucial, error sensitive for transactional data. Downtime are usually required.

Combine
Split
Replace
Audit
Tax
Consulting
Risk Advisory
New PC5 Cloud Business
New PC4 Applied Intelligence
~~PC3 Digitalization~~
PC2 Human Capital
PC1 Technology
E-commerce
Marketing&Sales
Product Line
AI&Cloud Platform
New PC6 New Energy Vehicles
PC4 Intelligent Hardware
~~PC3 LoT&Living Consumption~~
~~PC2 Smart TV~~
PC1 Smart Phone
New PC5 Intelligent Home

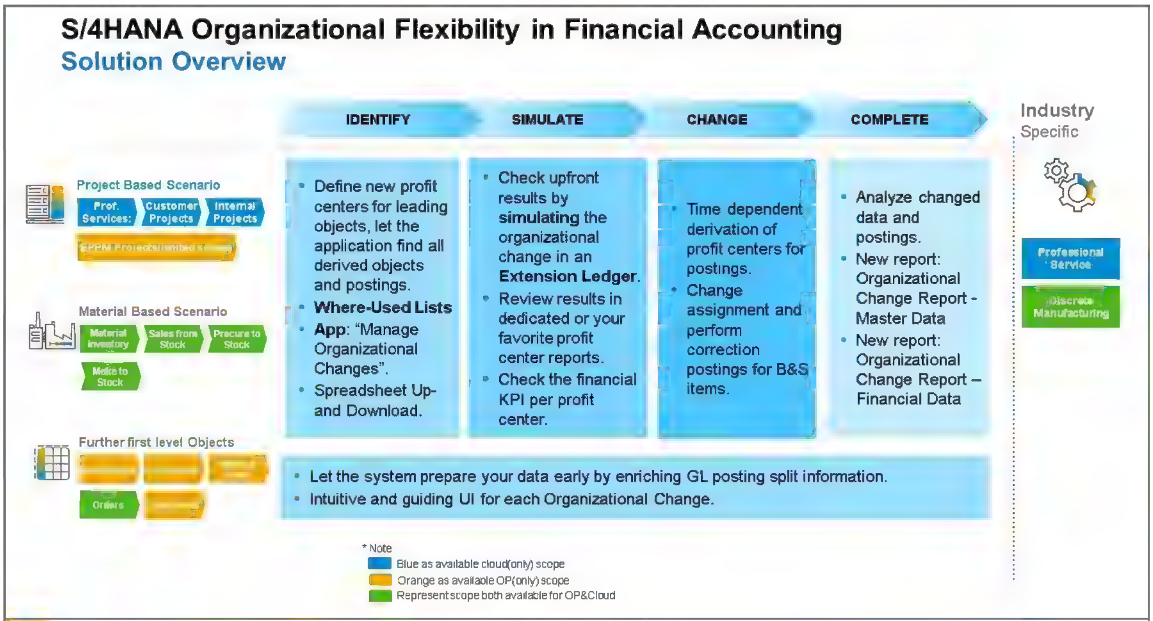
Figure 49: Business Needs in the Continuously Transformation

- The ability to implement new business models and reporting structures quickly and efficiently without impacting operational Business
- It's about the changing legal and management structures, project structures which are cut along the line of organizational responsibility and most importantly transactional data.

Some customers need Profit Centers by location, others define by Product, Function, Product Group, Product Division etc.

Typically, SAP systems derive Profit Centers based on the assignment to other objects, that may be material masters, cost objects and overhead objects to the relevant production order, sales order, WBS element, product cost collector, network etc....

In professional services companies, the lead for such an entity is very often a partner, while in the service industry it is the service manager. In SAP S/4HANA these teams should be represented by the profit center.



S/4HANA Organizational Flexibility in Financial Accounting

Solution Overview

Project Based Scenario
Prof. Services:
Customer Projects
Internal Projects
EPPM Projects(limited s
Material Based Scenario
Material inventory
Sales from Stock
Procure to Stock
Make to Stock
Further first level Objects
Orders
Industry
Specific
Professional Service
Discrete Manufacturing

IDENTIFY

- Define new profit centers for leading objects, let the application find all derived objects and postings.
- **Where-Used Lists**
- **App**: "Manage Organizational Changes".
- Spreadsheet Up- and Download.

SIMULATE

- Check upfront results by **simulating** the organizational change in an **Extension Ledger**.
- Review results in dedicated or your favorite profit center reports.
- Check the financial KPI per profit center.

CHANGE

- Time dependent derivation of profit centers for postings.
- Change assignment and perform correction postings for B&S items.

COMPLETE

- Analyze changed data and postings.
- New report: Organizational Change Report - Master Data
- New report: Organizational Change Report – Financial Data

- Let the system prepare your data early by enriching GL posting split information.
- Intuitive and guiding UI for each Organizational Change.

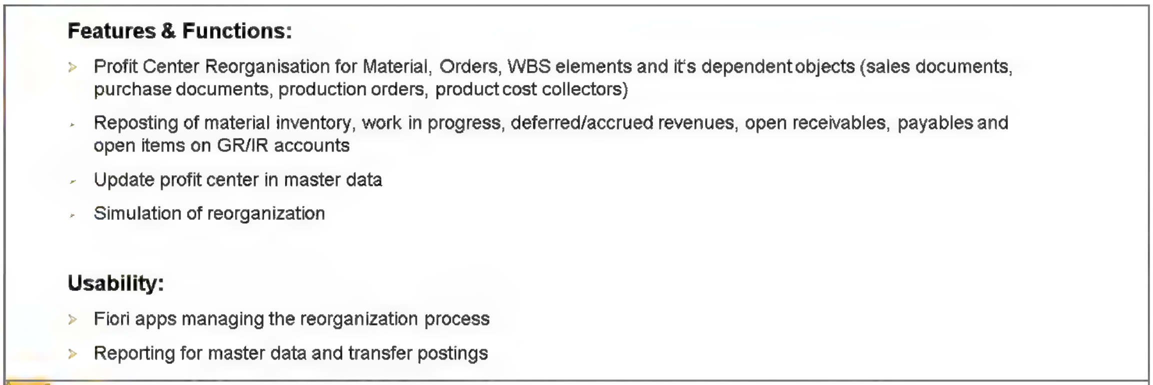
* Note

🟦 Blue as available cloud(only) scope

🟧 Orange as available OP(only) scope

🟩 Represent scope both available for OP&Cloud

Figure 50: Organizational Flexibility



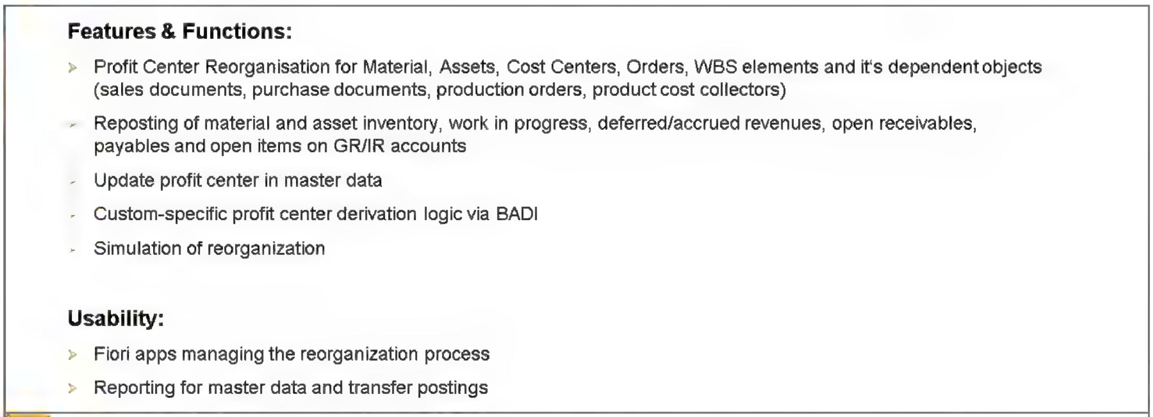
Features & Functions:

- Profit Center Reorganisation for Material, Orders, WBS elements and it's dependent objects (sales documents, purchase documents, production orders, product cost collectors)
- Reposting of material inventory, work in progress, deferred/accrued revenues, open receivables, payables and open items on GR/IR accounts
- Update profit center in master data
- Simulation of reorganization

Usability:

- Fiori apps managing the reorganization process
- Reporting for master data and transfer postings

Figure 51: Organizational Change - Delta scope CL2208: Profit Center Reorganization



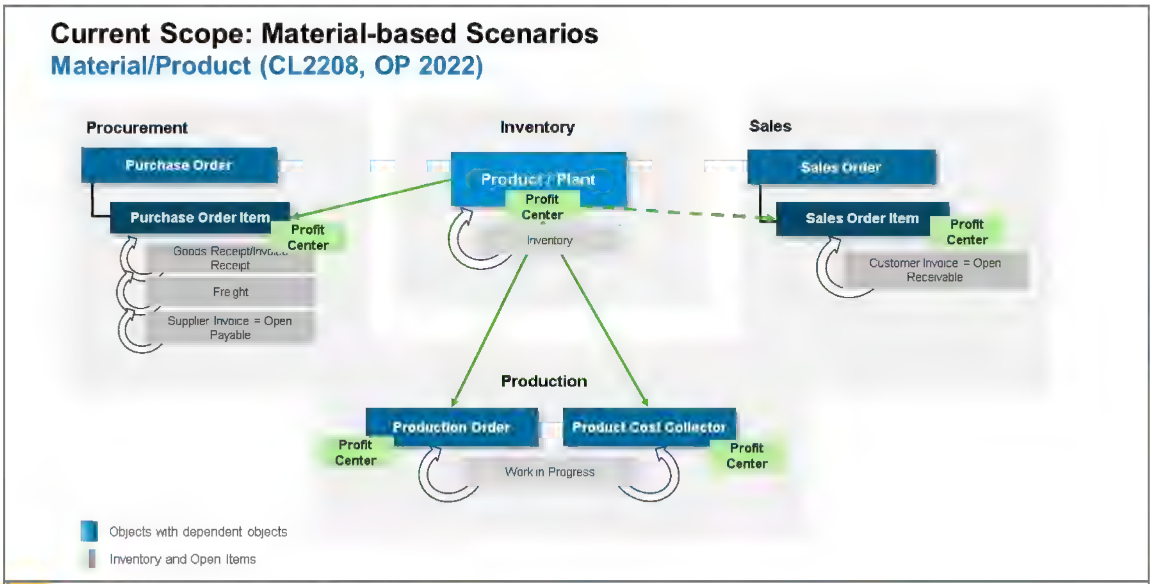
Features & Functions:

- Profit Center Reorganisation for Material, Assets, Cost Centers, Orders, WBS elements and it's dependent objects (sales documents, purchase documents, production orders, product cost collectors)
- Reposting of material and asset inventory, work in progress, deferred/accrued revenues, open receivables, payables and open items on GR/IR accounts
- Update profit center in master data
- Custom-specific profit center derivation logic via BADI
- Simulation of reorganization

Usability:

- Fiori apps managing the reorganization process
- Reporting for master data and transfer postings

Figure 52: Organizational Change - Planned Scope Onpremise 2022: Profit Center Reorganization



Current Scope: Material-based Scenarios

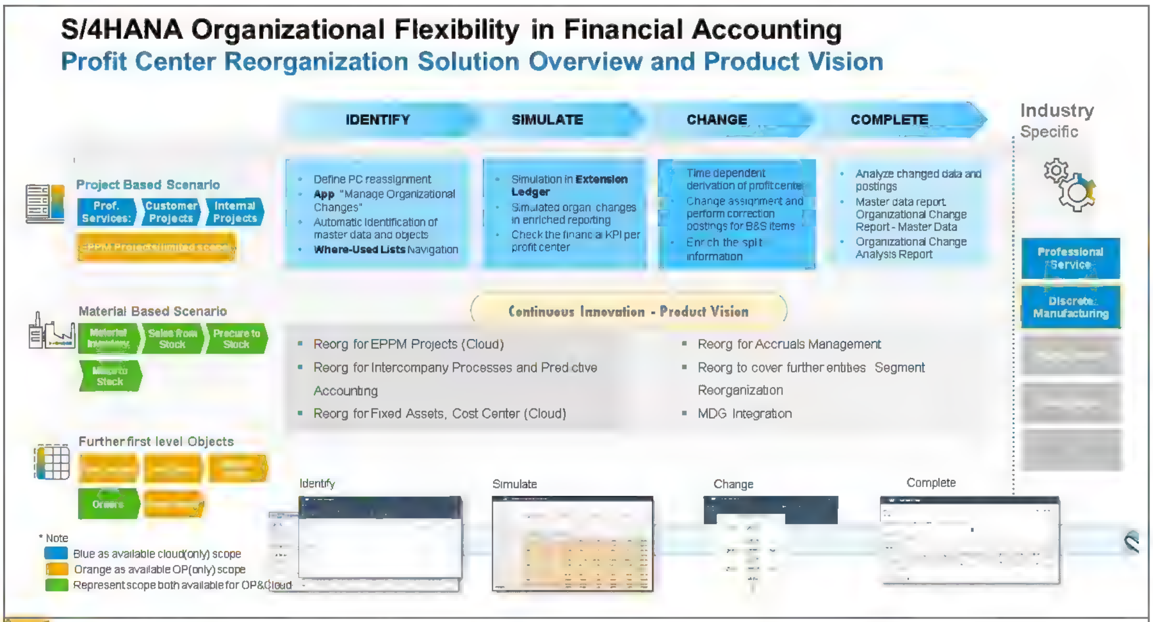
Material/Product (CL2208, OP 2022)

Procurement
Purchase Order
Purchase Order Item
Profit Center
Goods Receipt/Invoice Receipt
Freight
Supplier Invoice = Open Payable
Inventory
Product / Plant
Profit Center
Inventory
Sales
Sales Order
Sales Order Item
Profit Center
Customer Invoice = Open Receivable
Production
Production Order
Product Cost Collector
Profit Center
Work in Progress
Profit Center

Objects with dependent objects

Inventory and Open Items

Figure 53: Organizational Flexibility



S/4HANA Organizational Flexibility in Financial Accounting

Profit Center Reorganization Solution Overview and Product Vision

IDENTIFY
SIMULATE
CHANGE
COMPLETE
Industry Specific
Project Based Scenario
Prof. Services:
Customer Projects
Internal Projects
EPPM Projects (limited scope)
Material Based Scenario
Material Inventory
Sales from Stock
Procure to Stock
Make to Stock
Further first level Objects
Orders
Professional Service
Discrete Manufacturing
Identify
Simulate
Change
Complete

IDENTIFY
- Define PC reassignment
- **App** "Manage Organizational Changes"
- Automatic Identification of master data and objects
- **Where-Used Lists** Navigation

SIMULATE
- Simulation in **Extension Ledger**
- Simulated organ. changes in enriched reporting
- Check the financial KPI per profit center

CHANGE
- Time dependent derivation of profit center
- Change assignment and perform correction postings for B&S items
- Enrich the split information

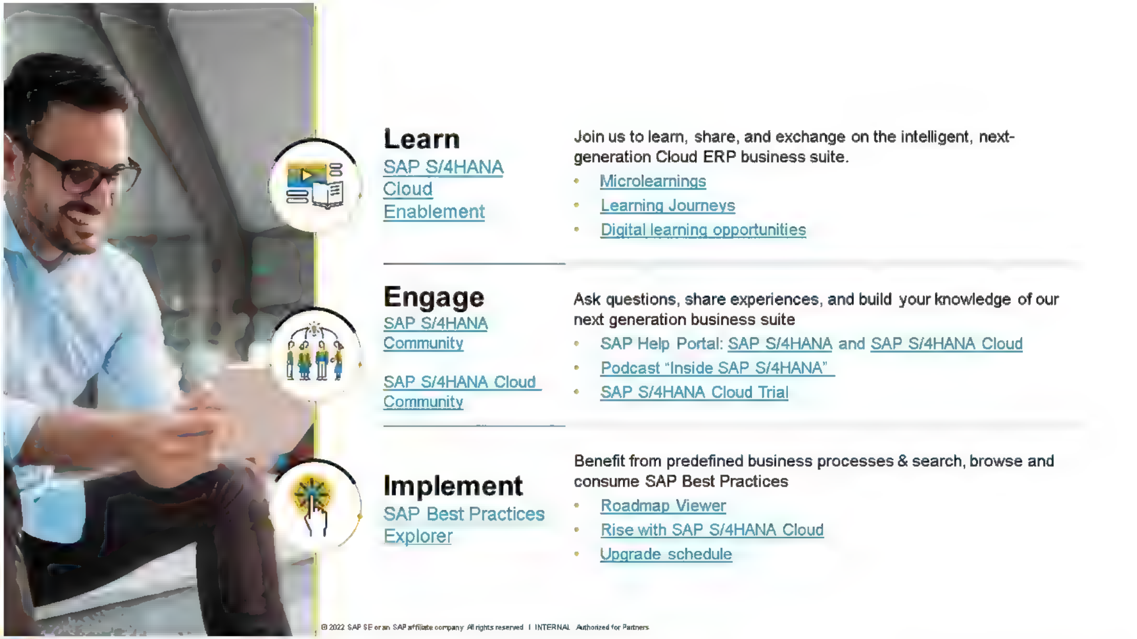
COMPLETE
- Analyze changed data and postings
- Master data report Organizational Change Report - Master Data
- Organizational Change Analysis Report

Continuous Innovation - Product Vision

- Reorg for EPPM Projects (Cloud)
- Reorg for Intercompany Processes and Predictive Accounting
- Reorg for Fixed Assets, Cost Center (Cloud)
- Reorg for Accruals Management
- Reorg to cover further entities Segment Reorganization
- MDG Integration

* Note
🟦 Blue as available cloud(only) scope
🟧 Orange as available OP(only) scope
🟩 Represent scope both available for OP&Cloud

Figure 54: Organizational Flexibility



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SAP S/4HANA Cloud Enablement

Join us to learn, share, and exchange on the intelligent, next-generation Cloud ERP business suite.

- Microlearnings
- Learning Journeys
- Digital learning opportunities

Engage
SAP S/4HANA Community

SAP S/4HANA Cloud Community

Ask questions, share experiences, and build your knowledge of our next generation business suite

- SAP Help Portal: SAP S/4HANA and SAP S/4HANA Cloud
- Podcast "Inside SAP S/4HANA"
- SAP S/4HANA Cloud Trial

Implement
SAP Best Practices Explorer

Benefit from predefined business processes & search, browse and consume SAP Best Practices

- Roadmap Viewer
- Rise with SAP S/4HANA Cloud
- Upgrade schedule

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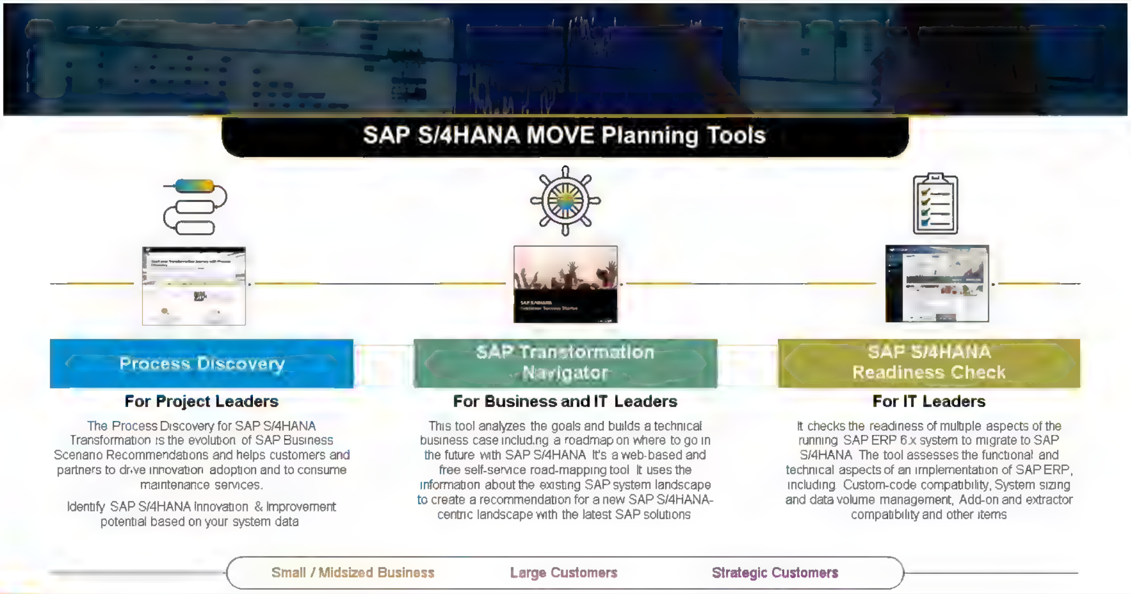
Figure 55: Organizational Flexibility



SAP S/4HANA MOVE Planning Tools

Process Discovery
For Project Leaders
The Process Discovery for SAP S/4HANA Transformation is the evolution of SAP Business Scenario Recommendations and helps customers and partners to drive innovation adoption and to consume maintenance services.
Identify SAP S/4HANA Innovation & Improvement potential based on your system data

SAP Transformation Navigator
For Business and IT Leaders
This tool analyzes the goals and builds a technical business case including a roadmap on where to go in the future with SAP S/4HANA. It's a web-based and free self-service road-mapping tool. It uses the information about the existing SAP system landscape to create a recommendation for a new SAP S/4HANA-centric landscape with the latest SAP solutions

SAP S/4HANA Readiness Check
For IT Leaders
It checks the readiness of multiple aspects of the running SAP ERP 6.x system to migrate to SAP S/4HANA. The tool assesses the functional and technical aspects of an implementation of SAP ERP, including Custom-code compatibility, System sizing and data volume management, Add-on and extractor compatibility and other items

Figure 56: Organizational Flexibility

Identify SAP S/4HANA Innovation & Improvement potential based on your system data

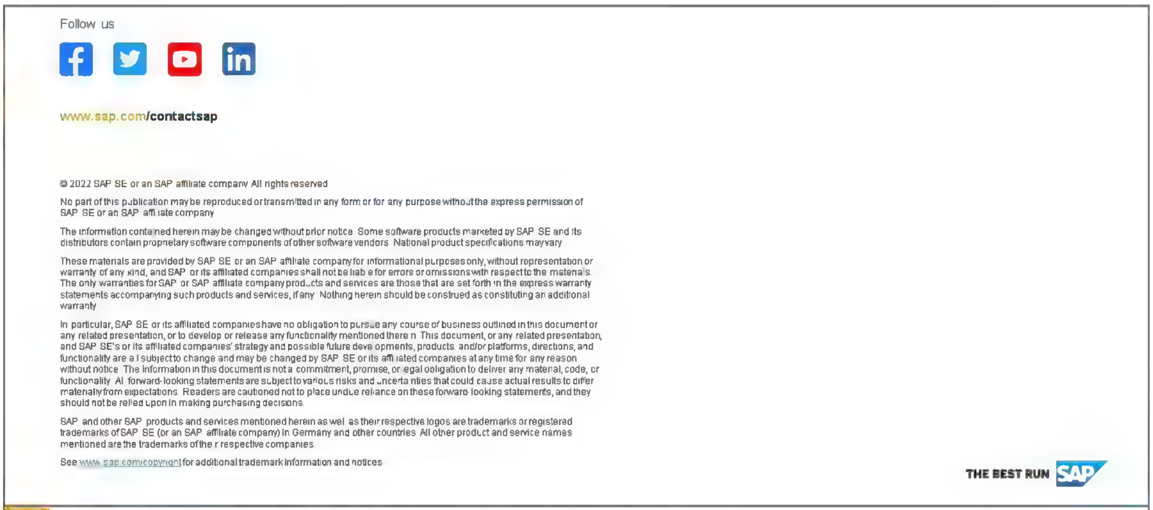


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Figure 57: Organizational Flexibility

LESSON SUMMARY

You should now be able to:

- Accounting
- Confirm Completion

Unit 1
Lesson 2

Revenue Cost Accounting

LESSON OBJECTIVES

After completing this lesson, you will be able to:

- Revenue Accounting
- Event-Based Revenue Recognition

Integration - Central Finance Integration

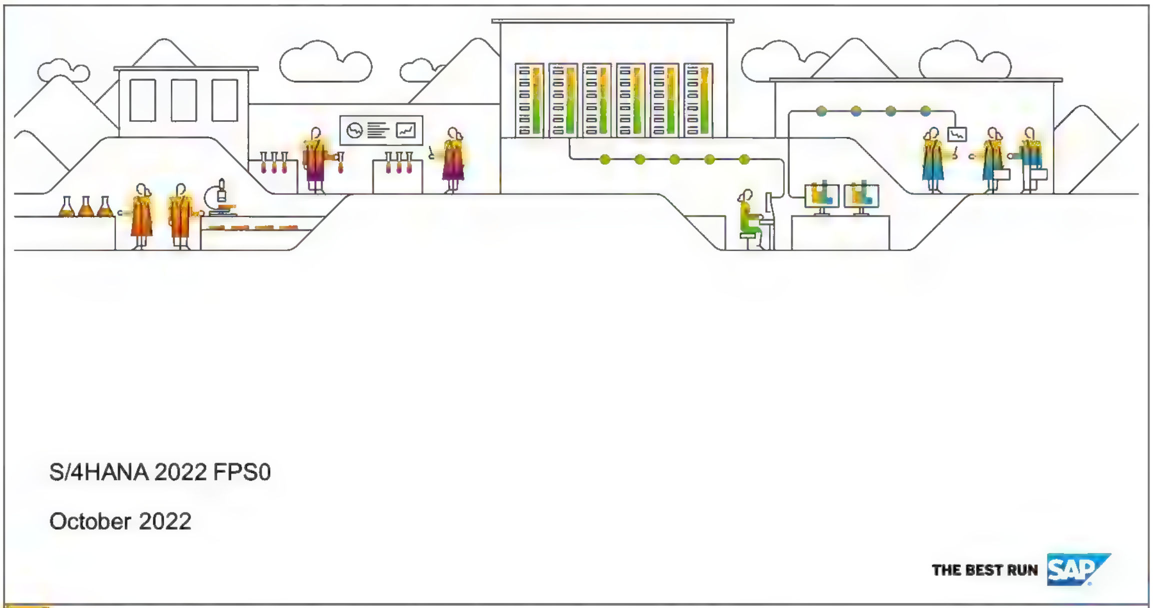

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Figure 58: Revenue Accounting and ReportingIntegration with Central Finance

Solution Overview

Business Example

How to Use

How to Configure
- Technical Prerequisites
- Extensibility Options

Figure 59: Agenda

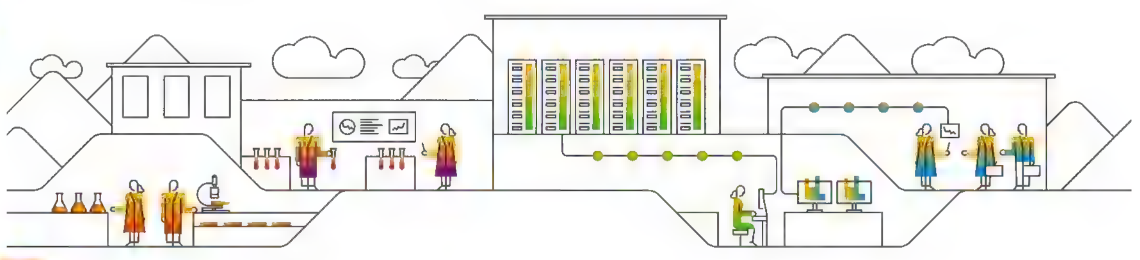
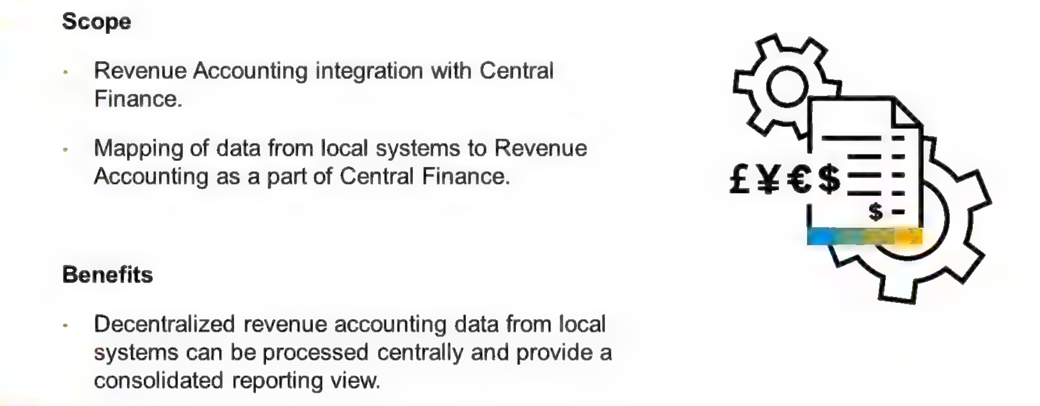


Figure 60: Solution Overview



Scope

- Revenue Accounting integration with Central Finance.
- Mapping of data from local systems to Revenue Accounting as a part of Central Finance.

Benefits

- Decentralized revenue accounting data from local systems can be processed centrally and provide a consolidated reporting view.

Figure 61: Solution Overview: Revenue Accounting in Central Finance

The integration allows mapping of data from local systems to Revenue Accounting as a part of Central Finance.

Customer specific fields are supported.

The mapping will be performed as soon as cFIN is active:

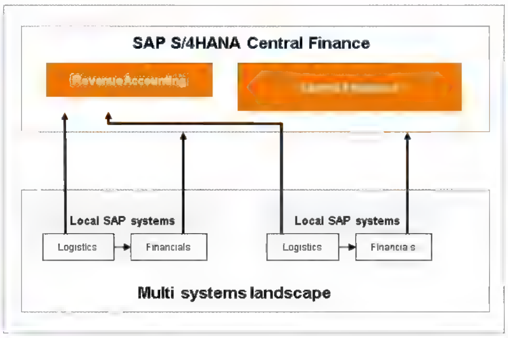
- when revenue accounting items (RAIs) are created (transferred)
- when data is reconciled between source system and the RAR system

Sender Component Dependency

Translation of the fields has to be active for all sender components. Customizing of the value translation is dependent on the sender system and not the sender component.

Known Constraints

It is not possible to map company codes with different currencies (target company code must have same local currency as that sent to RAI). No support for cross legal entity and cross currency scenarios.


SAP S/4HANA Central Finance
Revenue Accounting
Local SAP systems
Logistics
Financials
Local SAP systems
Logistics
Financials
Multi systems landscape

SAP S/4HANA Central Finance is an S/4HANA system, installed as side-car, receiving financial **accounting transactions** as well as **operational data** (order, goods issue, invoice) via real-time replication from the local SAP systems.

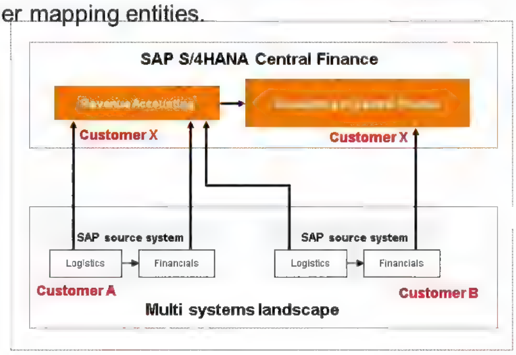
In this scenario, Revenue Accounting is a part of Central Finance.

RAR Inbound Processing must ensure that the master data and attributes from local systems are mapped properly to the master data or attributes of the Central Finance system.

Figure 62: Central Finance and Revenue Accounting

Figure 63: Business Example

Customer accounts in two separate source systems (e.g. Customer A and Customer B) are the same customer with different customer numbers in the different systems. They will both be mapped to customer account Customer X in the Central Finance system. The same applies as well for other mapping entities.

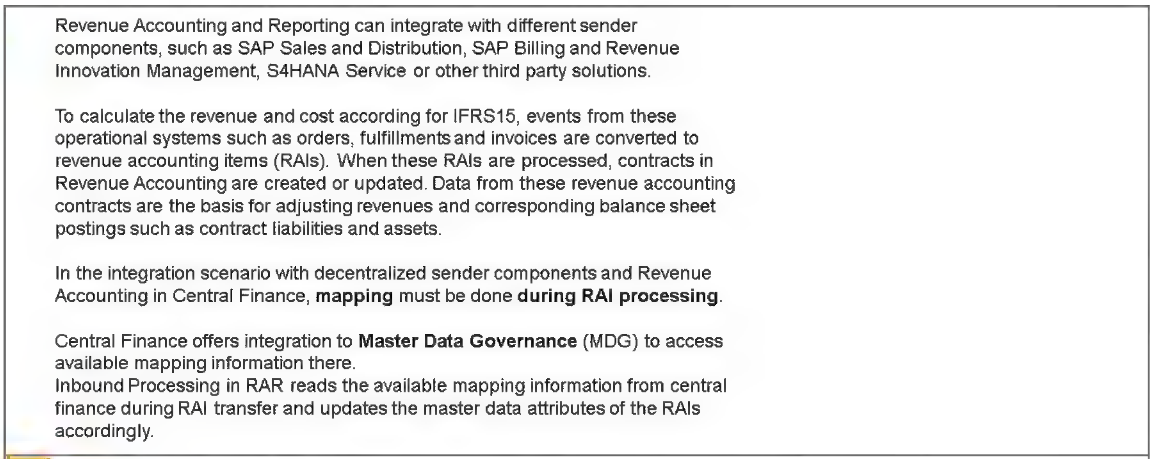

SAP S/4HANA Central Finance
Revenue Accounting
Customer X
Customer X
SAP source system
Logistics
Financials
Customer A
SAP source system
Logistics
Financials
Customer B
Multi systems landscape

Customer A is mapped to customer X.

Customer B is mapped to customer X.

Figure 64: Revenue Accounting and Reporting - Integration with CFIN Business Example

Figure 65: How to Use



Revenue Accounting and Reporting can integrate with different sender components, such as SAP Sales and Distribution, SAP Billing and Revenue Innovation Management, S4HANA Service or other third party solutions.

To calculate the revenue and cost according for IFRS15, events from these operational systems such as orders, fulfillments and invoices are converted to revenue accounting items (RAIs). When these RAIs are processed, contracts in Revenue Accounting are created or updated. Data from these revenue accounting contracts are the basis for adjusting revenues and corresponding balance sheet postings such as contract liabilities and assets.

In the integration scenario with decentralized sender components and Revenue Accounting in Central Finance, **mapping** must be done **during RAI processing**.

Central Finance offers integration to **Master Data Governance** (MDG) to access available mapping information there.
Inbound Processing in RAR reads the available mapping information from central finance during RAI transfer and updates the master data attributes of the RAIs accordingly.

Figure 66: Business Context

Mapping:

- In Revenue Accounting Classic, the program checks during RAI transfer (in FARR_RAI_MON or FARR_RAI_TRANS) if the data mapping is configured in cFIN. If yes, the mapped fields from the local system are updated based on the mapping rules.
- In Optimized Revenue Accounting, the mapping is done during enrichment.
- Additional mapping is done during reconciliation between the source system and RAR (Business reconciliation (FARR_BIZ_RECON) and during the consistency check (FARR_CHECK_CONS)).

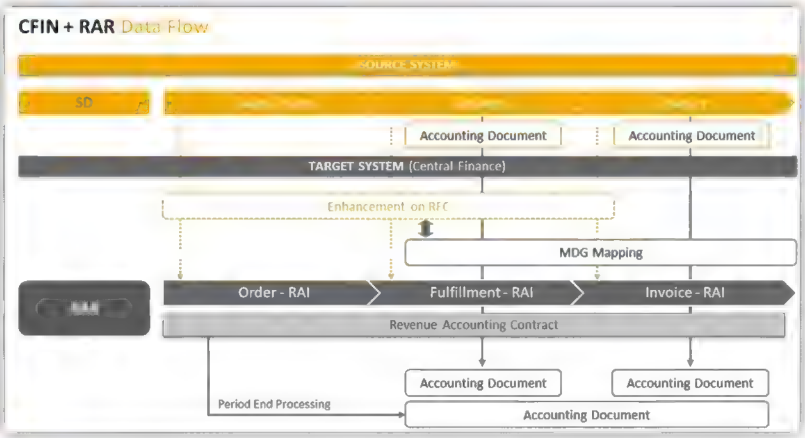

CFIN + RAR Data Flow
SOURCE SYSTEM
SD
Accounting Document
Accounting Document
TARGET SYSTEM (Central Finance)
Enhancement on RFC
MDG Mapping
Order - RAI
Fulfillment - RAI
Invoice - RAI
Revenue Accounting Contract
Accounting Document
Accounting Document
Period End Processing
Accounting Document

Figure 67: Central Finance and Revenue Accounting and ReportingData Flow

Before any activities on RAR side, it must be checked whether cFIN is active in the RAR system. Otherwise the mapping will not work. If cFIN is not active, no mapping is performed.

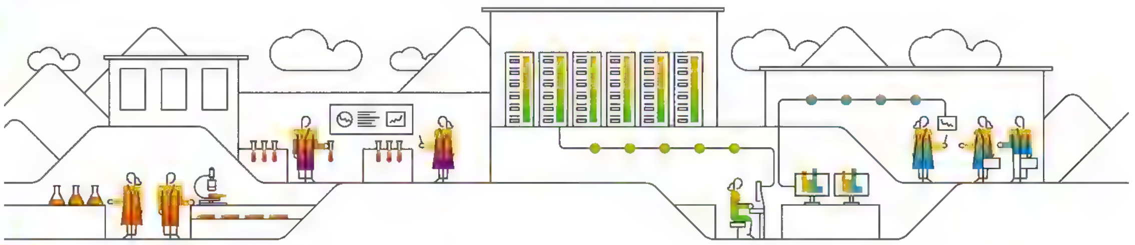
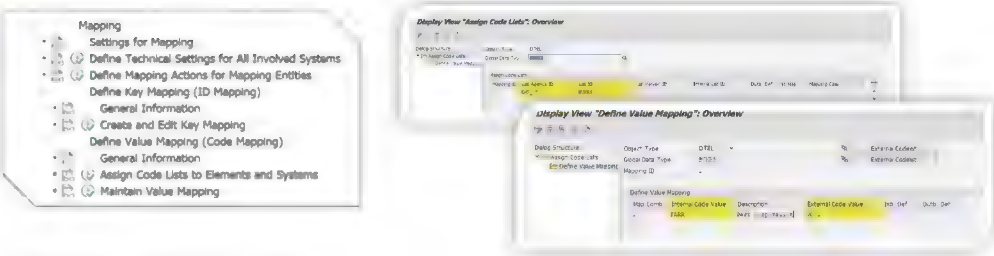


Figure 68: How to Configure

For mapping of RAR data, standard customizing of CFIN is used:



Mapping
- Settings for Mapping
- Define Technical Settings for All Involved Systems
- Define Mapping Actions for Mapping Entities

Define Key Mapping (ID Mapping)
- General Information
- Create and Edit Key Mapping

Define Value Mapping (Code Mapping)
- General Information
- Assign Code Lists to Elements and Systems
- Maintain Value Mapping

Display View "Assign Code Lists": Overview
Display View "Define Value Mapping": Overview

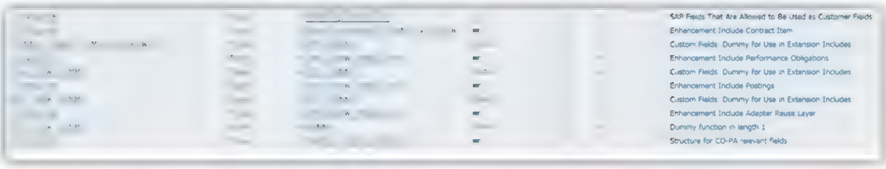
Key mapping and value mapping:
- Objects that are typically referred to as master data, such as: customers, vendors, materials → MDG **Key Mapping**
- Objects that are typically referred to as customizing objects, such as: document types, posting keys, company codes → MDG **Value Mapping**

Figure 69: Central Finance Mapping

The fields that can be mapped are defined in the following structures:

- FARR_S_RAI_CFIN_MAIN
- FARR_S_RAI_CFIN_COND
- FARR_S_RAI_CFIN_COPA

Customer can enhance the main structure through additional fields using extensions that include:



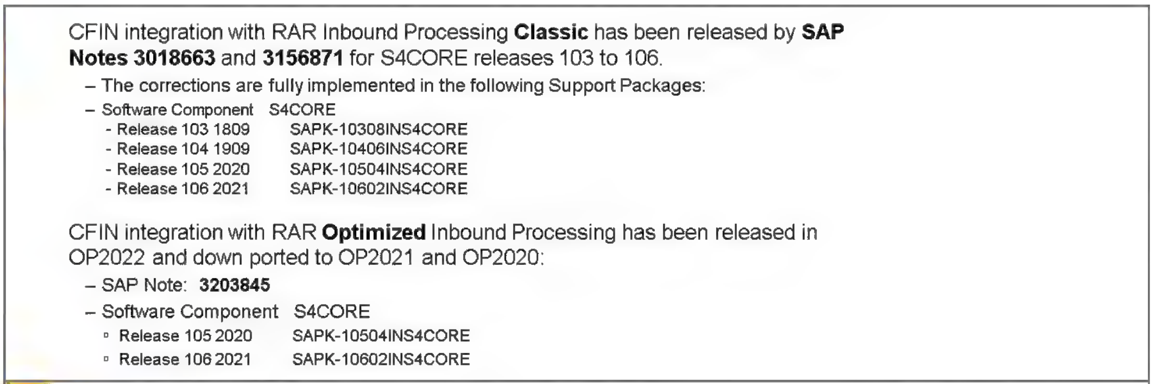
SAP Fields That Are Allowed to Be Used as Customer Fields
Enhancement Include Contract Item
Custom Fields: Dummy for Use in Extension Includes
Enhancement Include Performance Obligations
Custom Fields: Dummy for Use in Extension Includes
Enhancement Include Postings
Custom Fields: Dummy for Use in Extension Includes
Enhancement Include Adapter Reuse Layer
Dummy function in length 1
Structure for CO-PA relevant fields

The fields of the structures are assigned to CFIN entities in CFIN customizing. Customer can define their own CFIN entities.

Figure 70: Customer Enhancements

- Central Finance | SAP Help Portal
- FAQ Note: 2184567
- Central SLT Note: 2154420
- Collective Note: Notes relevant for source system: 2323494
- Replication of clearings (including documented restrictions): 2292043
- Third-Party System Interface: 2462424
- Admin Guide https://help.sap.com/S4_OP_CFIN

Figure 71: Important Documentation for CFIN



CFIN integration with RAR Inbound Processing **Classic** has been released by **SAP Notes 3018663** and **3156871** for S4CORE releases 103 to 106.

- The corrections are fully implemented in the following Support Packages:
- Software Component S4CORE
  - Release 103 1809 SAPK-10308INS4CORE
  - Release 104 1909 SAPK-10406INS4CORE
  - Release 105 2020 SAPK-10504INS4CORE
  - Release 106 2021 SAPK-10602INS4CORE

CFIN integration with RAR **Optimized** Inbound Processing has been released in OP2022 and down ported to OP2021 and OP2020:

- SAP Note: **3203845**
- Software Component S4CORE
  - Release 105 2020 SAPK-10504INS4CORE
  - Release 106 2021 SAPK-10602INS4CORE

Figure 72: Release Information

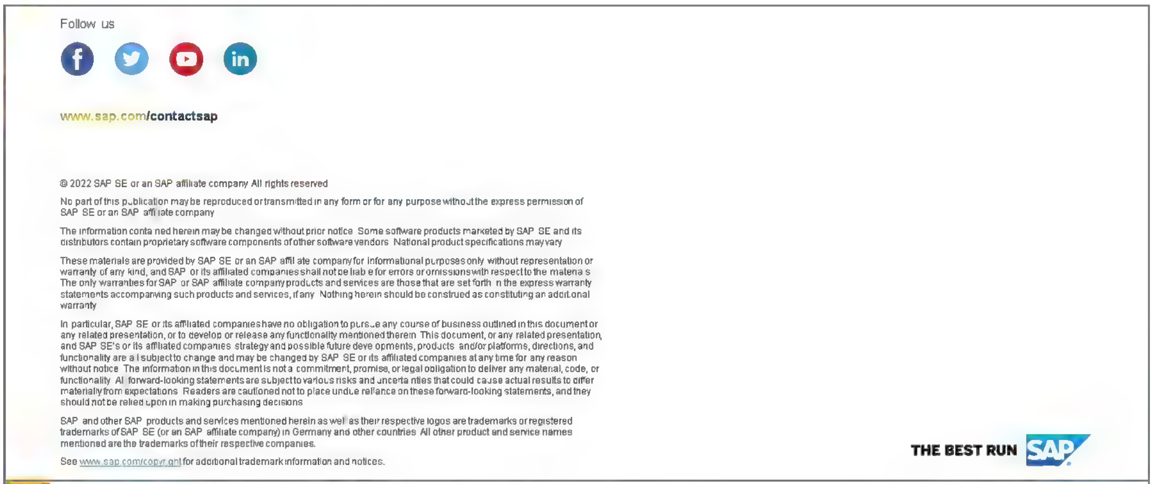


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Figure 73: Integration - Central Finance Integration

Edit Postponed Revenue Accounting Items in Inbound Processing (Optimized)

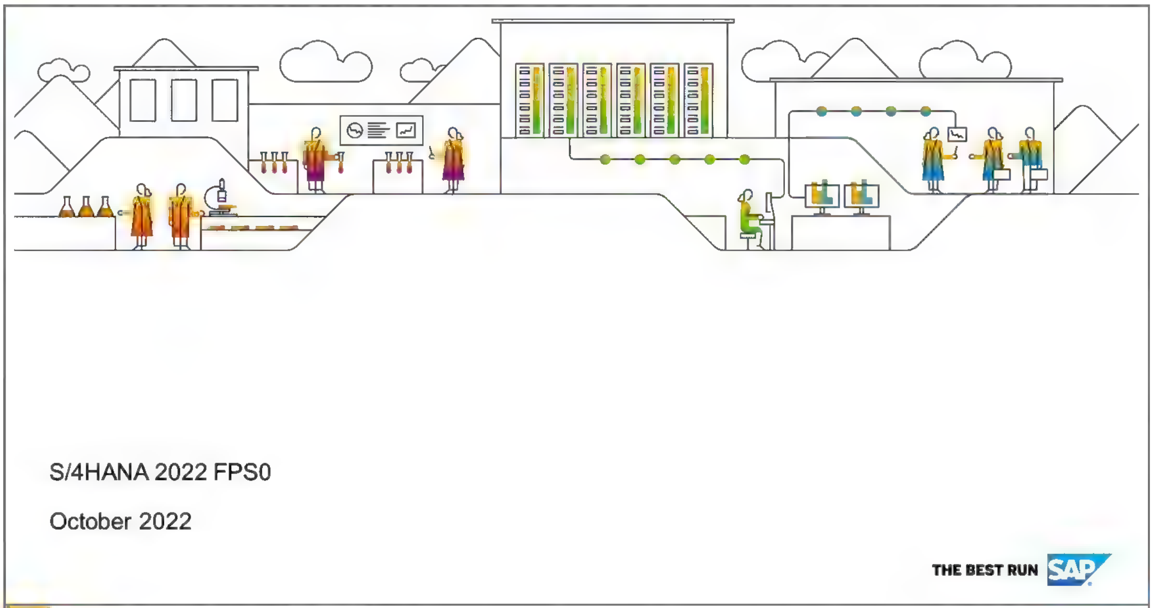

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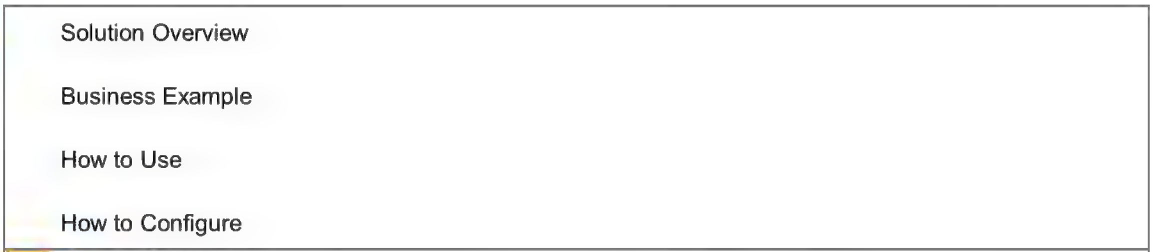
Figure 74: Revenue Accounting and ReportingEdit Postponed Revenue Accounting Items



Solution Overview

Business Example

How to Use

How to Configure

Figure 75: Agenda

Figure 76: Solution Overview

Scope

- Manually change postponed Revenue Accounting Items (RAIs) using **Manage Revenue Accounting Items** app. The following types of RAI can be edited:
  - Order RAIs
  - Fulfillment RAIs
  - Invoice RAIs
  - Cost RAIs
- Keep track of **change logs** for all manual changes

Benefits

- Easily able to adjust the attributes of postponed RAIs manually.

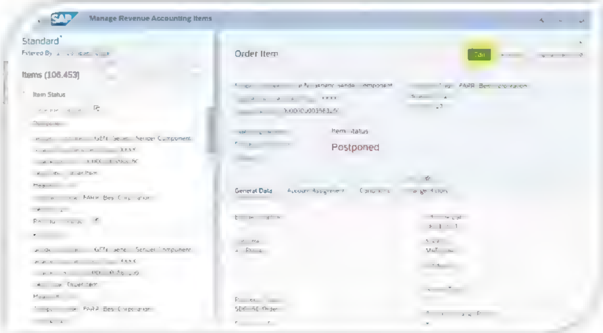

Manage Revenue Accounting Items
Standard
Items (108,453)
Item Status
Order Item
Item Status
Postponed
General Data
Account Assignment

Figure 77: Solution Overview: Edit Postponed Revenue Accounting Items

Remark: Manage

Figure 78: Business Example

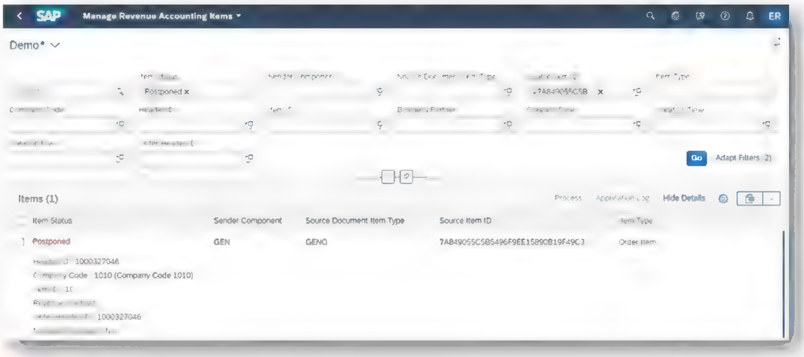
With the Manage Revenue Accounting Items app, you can:

- Analyze and adjust the attributes of postponed erroneous RAIs. The new functionality enables you to fix issues manually and reprocess the corrected postponed RAIs.
- Keep track of the change logs for all postponed RAIs.

Figure 79: Business Example - Edit Postponed RAIs

Figure 80: How to Use

Start the Manage Revenue Accounting Items app to change attributes manually. The first step is to find the postponed RAIs that you need to edit. You can search for a contract using various search criteria.



SAP
Manage Revenue Accounting Items
ER
Demo*
Postponed
Go
Adapt Filters (2)
Process
Hide Details

Items (1)

Item Status	Sender Component	Source Document Item Type	Source Item ID	Item Type
Postponed	GEN	GENO	7A849055C5B5496F9EE15890B19F49C3	Order Item

1000327046
Company Code 1010 (Company Code 1010)
10
1000327046

Figure 81: Manage Revenue Accounting Items

Select your to-be-edit postponed RAI and navigate to the overview screen. Here you can see information of main items and conditions:

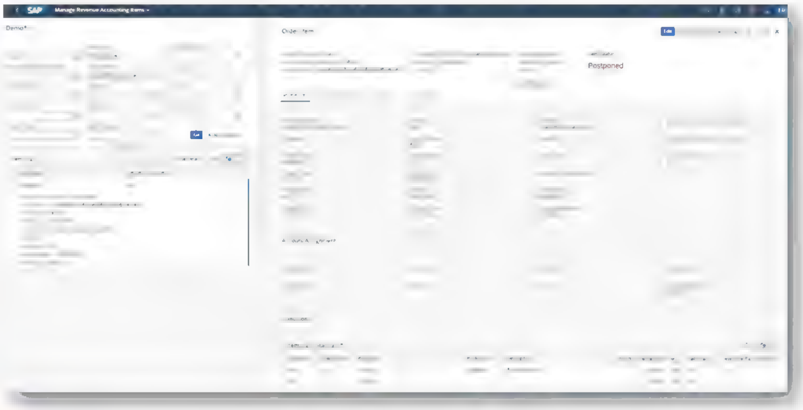

SAP
Manage Revenue Accounting Items
Order Item
Postponed

Figure 82: Manage Revenue Accounting Items

In Edit mode, adjust the attributes for the main items and conditions.

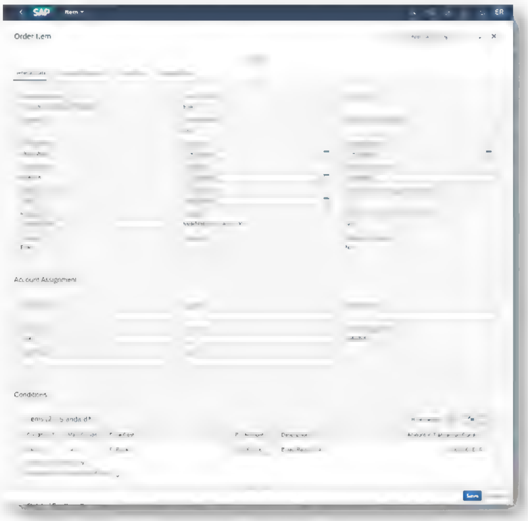
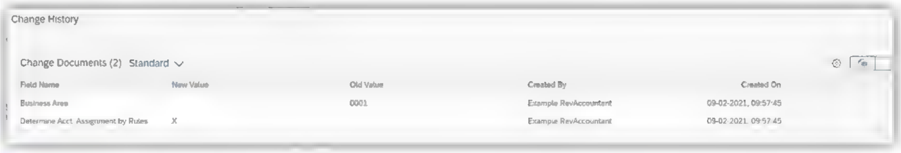

SAP
Item
Order Item
Account Assignment
Conditions
Save

Figure 83: Manage Revenue Accounting Items

You will find the change log for manual attribute changes of postponed RAIs in the Change History section at the bottom.



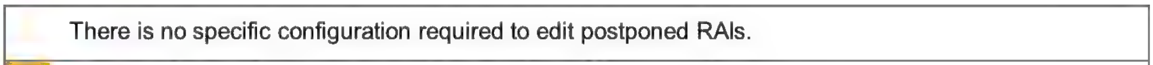
Change History

Change Documents (2) Standard

Field Name	New Value	Old Value	Created By	Created On
Business Area		0001	Example RevAccountant	09-02-2021, 09:57:45
Determine Acct. Assignment by Rules	X		Example RevAccountant	09-02-2021, 09:57:45

Figure 84: Manage Revenue Accounting Items

Figure 85: How to Configure



There is no specific configuration required to edit postponed RAIs.

Figure 86: How to Configure Technical Prerequisites

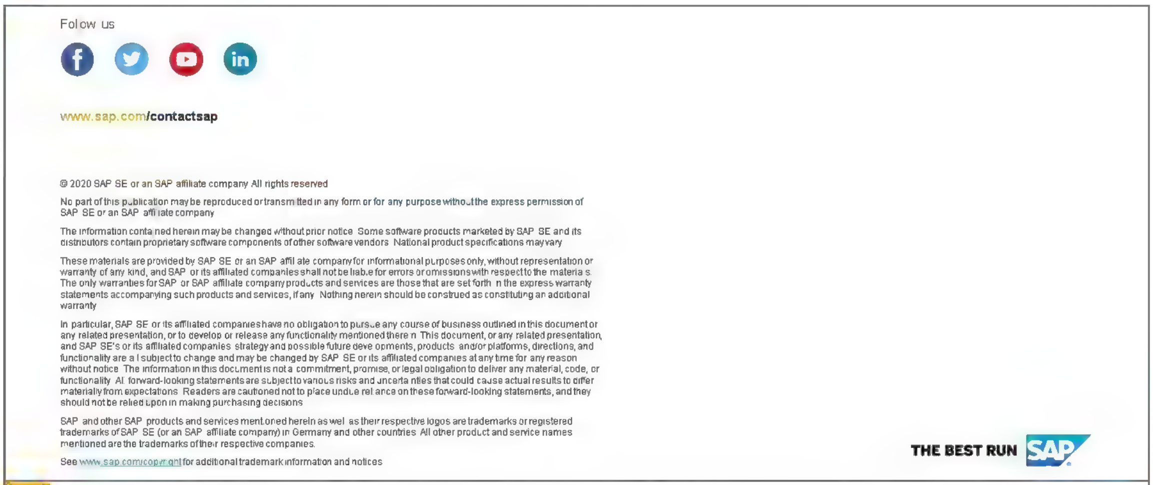


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Figure 87: Edit Postponed Revenue Accounting Items in Inbound Processing (Optimized)

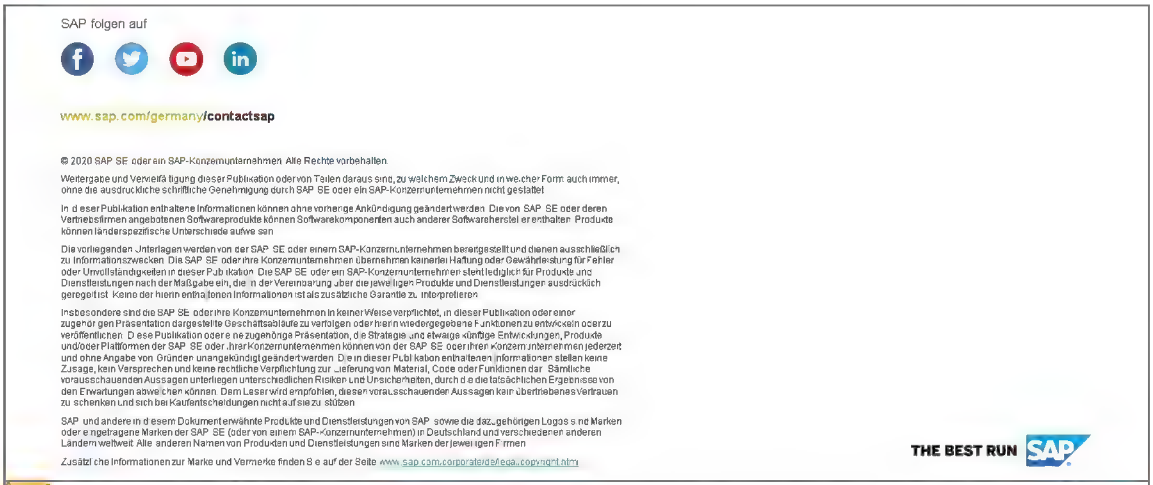

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Figure 88: Edit Postponed Revenue Accounting Items in Inbound Processing (Optimized)

Contract Viewer Report

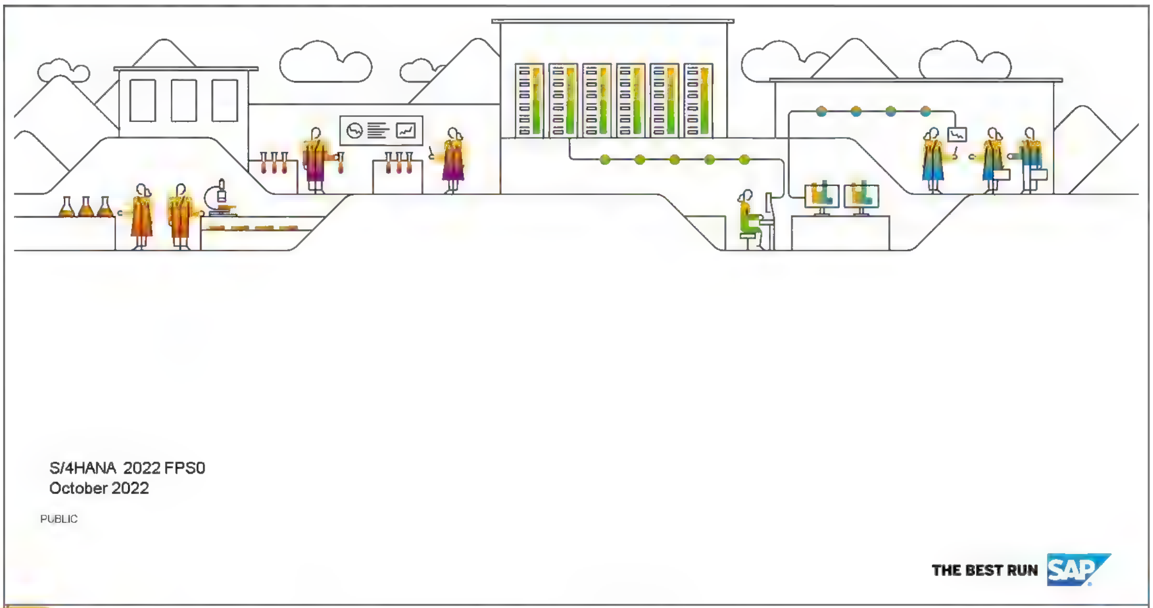

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Figure 89: Revenue Accounting and ReportingContract Viewer Report

Solution Overview

Business Example

How to Use

Figure 90: Agenda

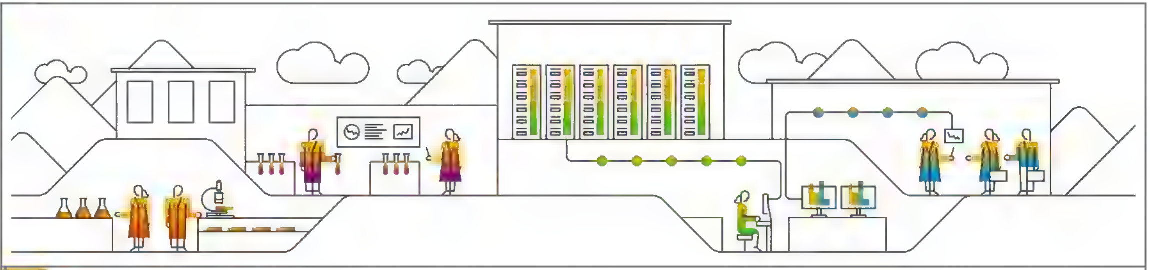


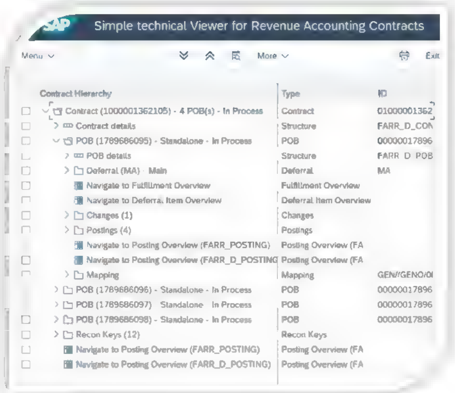
Figure 91: Solution Overview

Scope

- The report FARR_SIMPLE_CONTR_VIEWER_CUS directly displays data from different data base tables. The program offers the possibility to display the structure and data of a Revenue Accounting Contract in a tree-like manner.

Benefits

- This program can be used during the implementation of projects or for error analysis. It allows easy access, better usability, and visibility for details from revenue accounting contracts.



Contract Hierarchy	Type	ID
☐ Contract (1000001362105) - 4 POB(s) - In Process	Contract	01000001362
☐ Contract details	Structure	FARR_D_CON
☐ POB (1789686095) - Standalone - In Process	POB	00000017896
POB details	Structure	FARR D POB
☐ Deferral (MA) Main	Deferral	MA
☐ Navigate to Fulfillment Overview	Fulfillment Overview	
☐ Navigate to Deferral Item Overview	Deferral Item Overview	
☐ Changes (1)	Changes	
☐ Postings (4)	Postings	
Navigate to Posting Overview (FARR_POSTING)	Posting Overview (FA	
☐ Navigate to Posting Overview (FARR_D_POSTING	Posting Overview (FA	
☐ Mapping	Mapping	GEN//GENO/0
POB (1789686096) - Standalone - In Process	POB	00000017896
POB (1789686097) Standalone In Process	POB	00000017896
☐ POB (1789686098) - Standalone - In Process	POB	00000017896
☐ Recon Keys (12)	Recon Keys	
☐ Navigate to Posting Overview (FARR_POSTING)	Posting Overview (FA	
☐ Navigate to Posting Overview (FARR_D_POSTING)	Posting Overview (FA	

Figure 92: Solution Overview: Contract Viewer Report

The selected contract is displayed as a tree, with all relevant database tables:

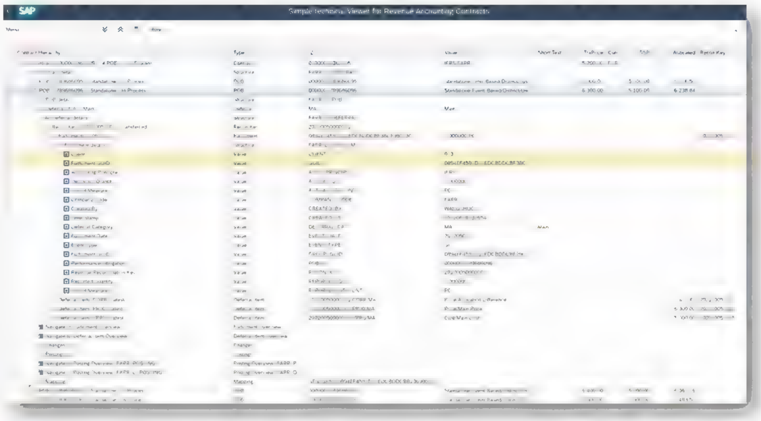


Figure 93: Solution Overview: Contract Viewer Report

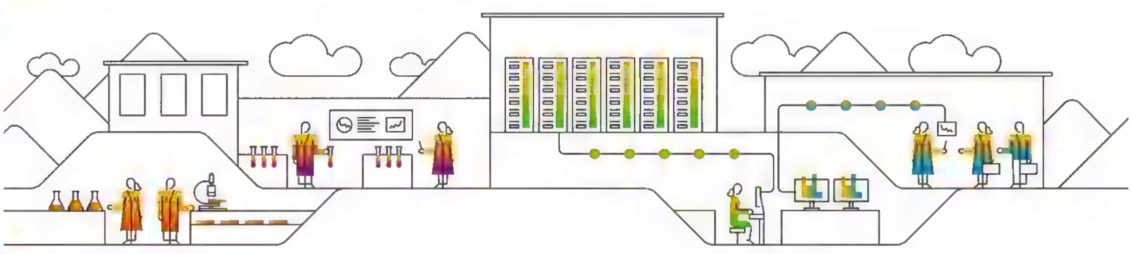


Figure 94: Business Example

In Revenue Accounting, business users can review all information related to a revenue contract using various FIORI apps.

However, in some cases, for example during error analysis, technical users such as consultants, developers, or IT support need to check data in the database directly. They access the related tables in the ABAP backend using different transactions, such as SE16N. This is very time-consuming as each table needs to be opened separately.

Table FARR_D_POSTING
Details
Posting GUID
Year
Period
TC Amou
2018
6
750 0

Figure 95: Business Example

- Contract Viewer report allows users to directly inspect the content of the most relevant Revenue Accounting tables.
- Users only need to enter basic information on the initial screen, e.g., Contract ID or Performance Obligation (POB) ID, and then the integrated data of a Revenue Accounting Contract is displayed in a hierarchical structure. The nodes in the hierarchy can be collapsed or expanded.
- There is no need to access different tables respectively and repetitively.

Figure 96: Contract Viewer as a User-friendly Tool to Display Database Tables

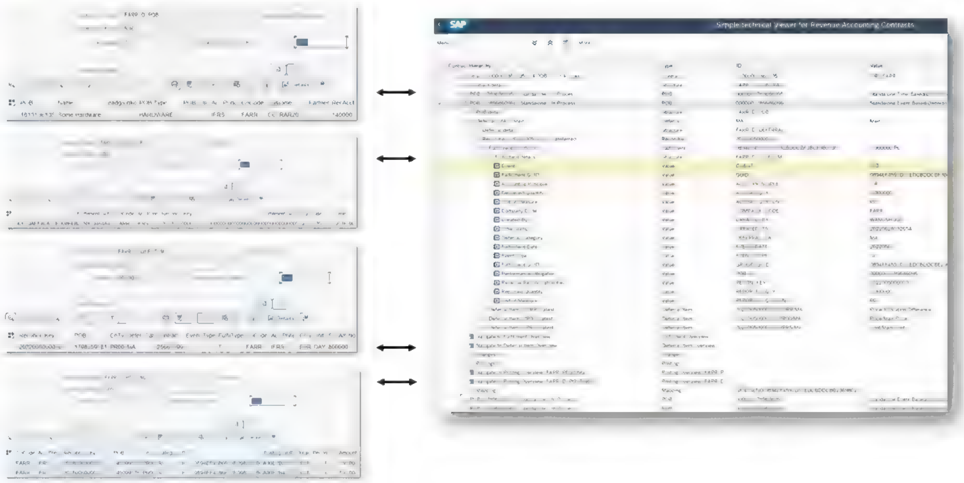
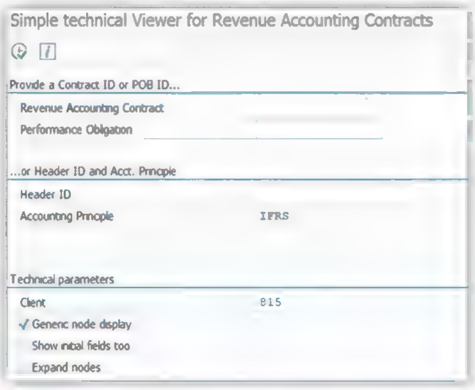


Figure 97: Data screen integrates information from different data tables

Figure 98: How to Use



Simple technical Viewer for Revenue Accounting Contracts

Provide a Contract ID or POB ID...

Revenue Accounting Contract

Performance Obligation

...or Header ID and Acct. Principle

Header ID

Accounting Principle IFRS

Technical parameters

Client 815

✓ Generic node display

Show initial fields too

Expand nodes

- You may enter either a Revenue Accounting Contract ID or a POB ID.
- Alternatively, you may enter the Header ID together with the Accounting Principle.

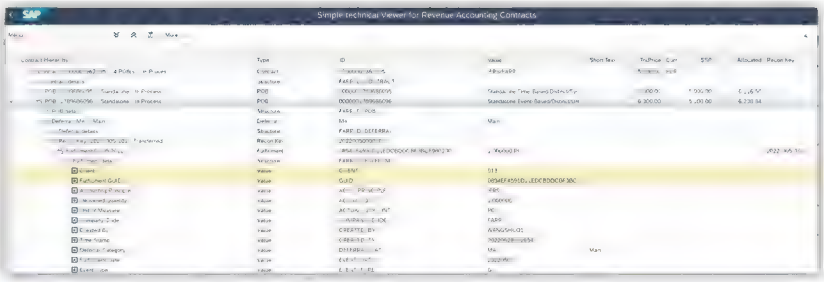
Figure 99: The initial screen offers several entry fields

Header ID could be Sales Order ID, Provider Contract or Operational Document ID from a third-party sender component.

Technical parameters:

- The Client is automatically populated with current logon client. Overwriting it with other values gives you the option to read data from another client of the same system. Rarely used.
- Generic node display, the first checkbox, is selected by default and it adds a node for each entity containing all data from the underlying data base table. Default setting.
- Show initial fields too, by default off, displays fields in generic nodes whose content is initial (space for character like fields, 0 for numeric fields). Sometimes used.
- Expand nodes opens the whole tree immediately.

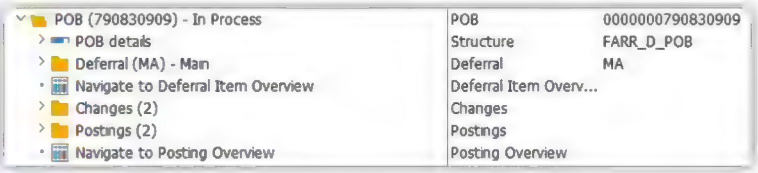
- The selected contract is then displayed as a tree. You may open each node and inspect the content.
- In this example below, the first fulfillment of the second POB is expanded down to the field level of the database record.



Simple technical Viewer for Revenue Accounting Contracts

Figure 100: Data Screen

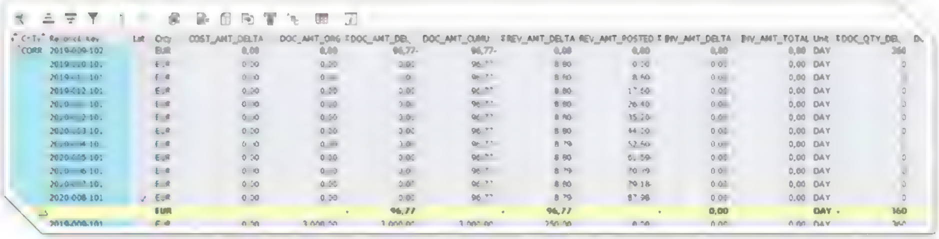
- Deferral Items and Postings can be, of course, directly inspected in the tree. Alternatively, there are dedicated viewers for these entities available as indicated by the node with the *table icon* and the text starting with *Navigate to*. These display styles are more convenient compared to the very generic style of the tree:



POB (790830909) - In Process	POB 0000000790830909
POB details	Structure FARR_D_POB
Deferral (MA) - Main	Deferral MA
Navigate to Deferral Item Overview	Deferral Item Overv...
Changes (2)	Changes
Postings (2)	Postings
Navigate to Posting Overview	Posting Overview

Figure 101: Dedicated Viewers for Deferral Items and Postings

Dedicated Viewers for Deferral Items and Postings



A Typical Posting Overview

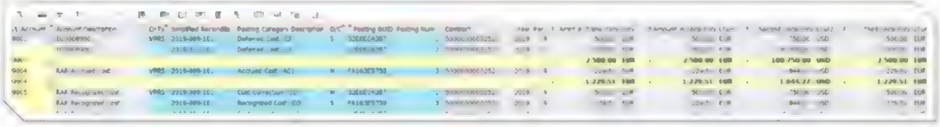
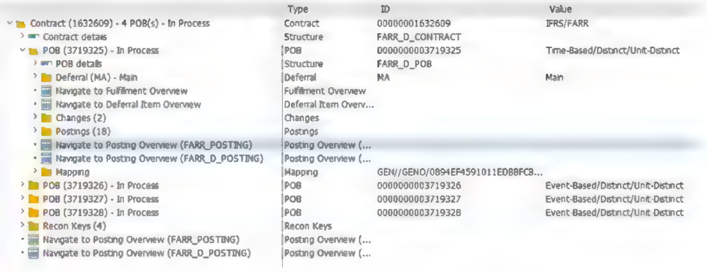


Figure 102: A Typical Deferral Item Overview

Dedicated Viewers for Deferral Items and Postings

Posting overviews exist for the tables/views

- *ADCOCA:* for direct posting
- *FARR_D_POSTING:* for aggregated posting
- *FARR_POSTING:* the view covering both scenarios
  - Depending on the selected posting mode, either *ACDOCA* + *FARR_POSTING* or *FARR_D_POSTING* + *FARR_POSTING* is presented.



	Type	ID	Value
Contract (1632609) - 4 POB(s) - In Process	Contract	00000001632609	IFRS/FARR
Contract details	Structure	FARR_D_CONTRACT	
POB (3719325) - In Process	POB	0000000003719325	Time-Based/Distinct/Unit-Distinct
POB details	Structure	FARR_D_POB	
Deferral (MA) - Main	Deferral	MA	Main
Navigate to Fulfilment Overview	Fulfilment Overview		
Navigate to Deferral Item Overview	Deferral Item Overv...		
Changes (2)	Changes		
Postings (18)	Postings		
Navigate to Posting Overview (FARR_POSTING)	Posting Overview (...		
Navigate to Posting Overview (FARR_D_POSTING)	Posting Overview (...		
Mapping	Mapping	GEN//GENO/0894EF4591011EDBBFCB...	
POB (3719326) - In Process	POB	0000000003719326	Event-Based/Distinct/Unit-Distinct
POB (3719327) - In Process	POB	0000000003719327	Event-Based/Distinct/Unit-Distinct
POB (3719328) - In Process	POB	0000000003719328	Event-Based/Distinct/Unit-Distinct
Recon Keys (4)	Recon Keys		
Navigate to Posting Overview (FARR_POSTING)	Posting Overview (...		
Navigate to Posting Overview (FARR_D_POSTING)	Posting Overview (...		

Figure 103: Contract Viewer Report

- On the Structure node: the system navigates you to the table/structure definition in DDIC.
- E.g., double-click the *Contract details* node, then the *FARR_D_CONTRACT* table is shown.

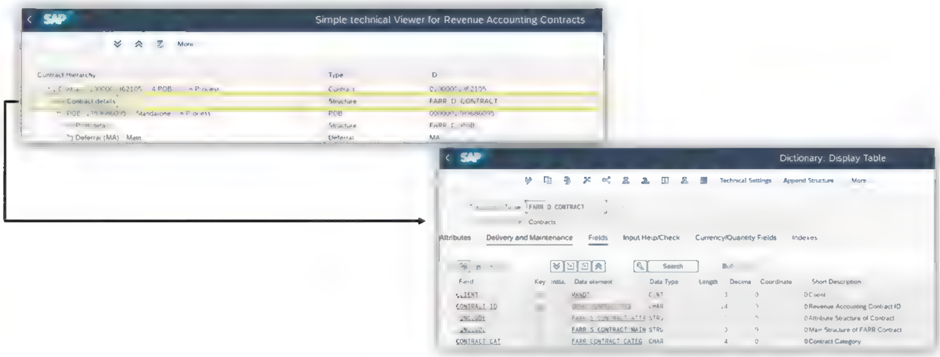

Simple technical Viewer for Revenue Accounting Contracts
Contract Hierarchy
Type
Contract details
Structure
FARR_D_CONTRACT
Dictionary: Display Table
Technical Settings
Append Structure
More
Attributes
Delivery and Maintenance
Fields
Input Help/Check
Currency/Quantity Fields
Indexes
Search
Field
Key
Data element
Data Type
Length
Decima
Coordinate
Short Description
CLIENT
CONTRACT_ID
Revenue Accounting Contract ID
Attribute Structure of Contract
Main Structure of FARR Contract
CONTRACT_CAT
Contract Category

Figure 104: There are some more double-click capabilities

- On the Element/Field node: the system navigates you to the underlying data element in DDIC.
- E.g. double-click the *Allocated Amount* node and the data element *FARR_ALLOC_AMT* is shown.

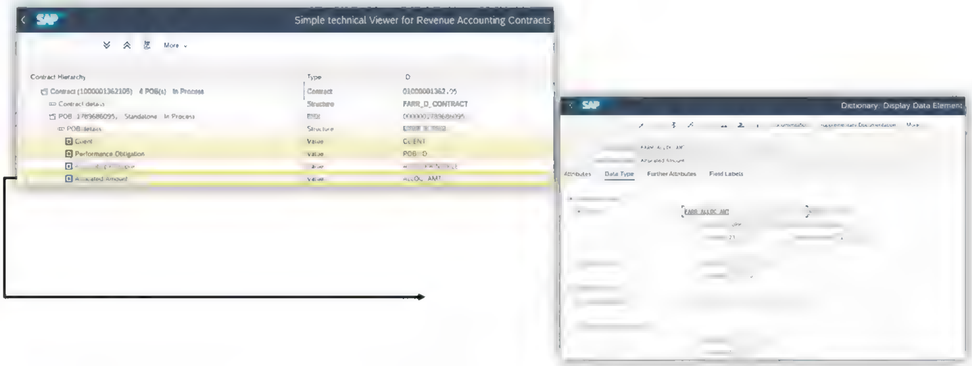

Simple technical Viewer for Revenue Accounting Contracts
More
Contract Hierarchy
Type
Contract (1000001362105) 4 POB(s) In Process
Contract
Contract details
Structure
FARR_D_CONTRACT
POB
Client
Value
CLIENT
Performance Obligation
POB_ID
Allocated Amount
ALLOC_AMT
Dictionary: Display Data Element
Attributes
Data Type
Further Attributes
Field Labels
FARR_ALLOC_AMT

Figure 105: There are other double-click capabilities

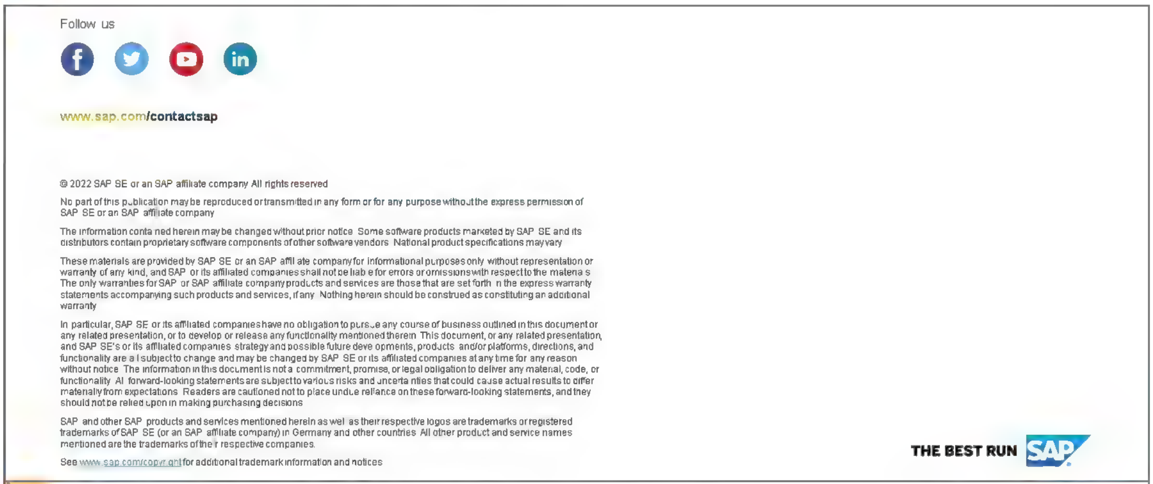

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Figure 106: Contract Viewer Report

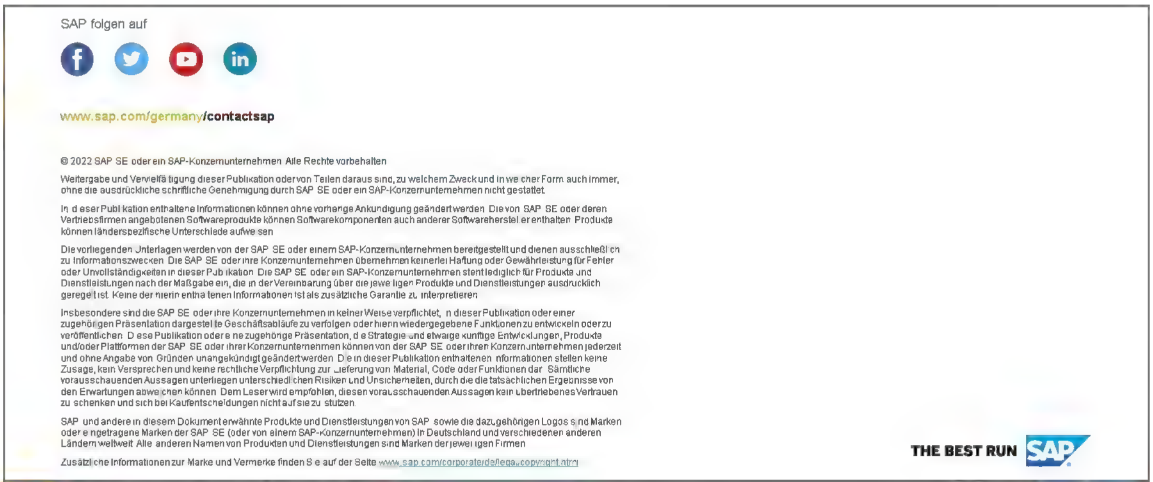

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Figure 107: Contract Viewer Report

Performance Obligation Reassignment

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Figure 108: Revenue Accounting and ReportingPerformance Obligation Reassignment

Solution Overview

Business Example

How to Use

Figure 109: Agenda

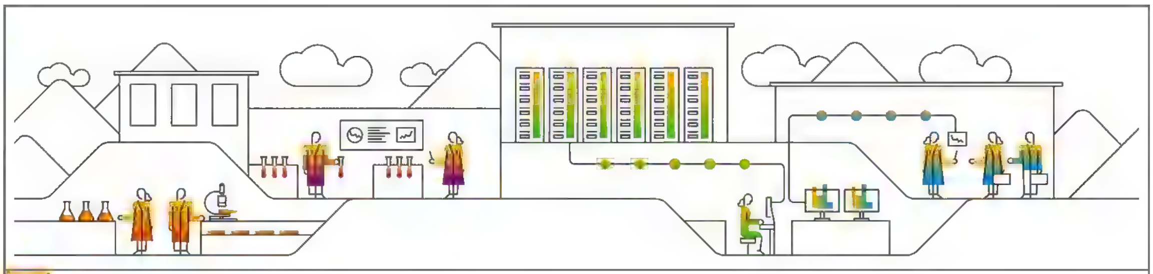
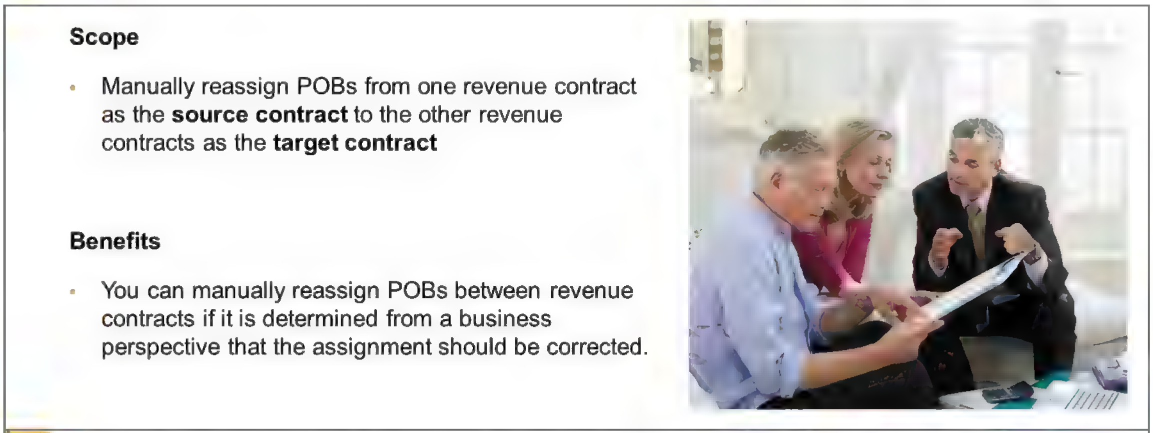


Figure 110: Solution Overview



Scope

- Manually reassign POBs from one revenue contract as the **source contract** to the other revenue contracts as the **target contract**

Benefits

- You can manually reassign POBs between revenue contracts if it is determined from a business perspective that the assignment should be corrected.

Figure 111: Solution Overview: Performance Obligation Reassignment

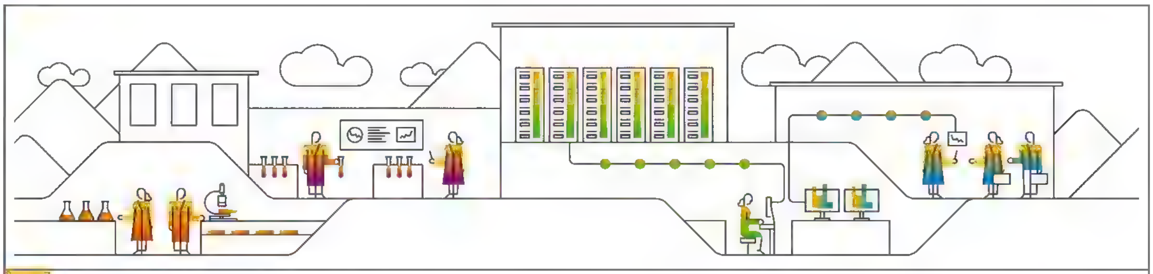


Figure 112: Business Example

An operational contract can have several items. When integrated with revenue accounting, those items create corresponding performance obligations. Using standard logic, the items in the same operational contract are grouped within the same operational contract.

It is possible that part of the items are related to another operational contract, which serves the same business purpose. If this occurs on a non-standard operational contract, it requires assessment from the revenue accountant. Therefore, a manual operation is required to re-assign performance obligations between revenue contracts.

Revenue Accounting and Reporting offers the flexibility to assign performance obligations manually.

Figure 113: Business Example - Performance Obligation Reassignment

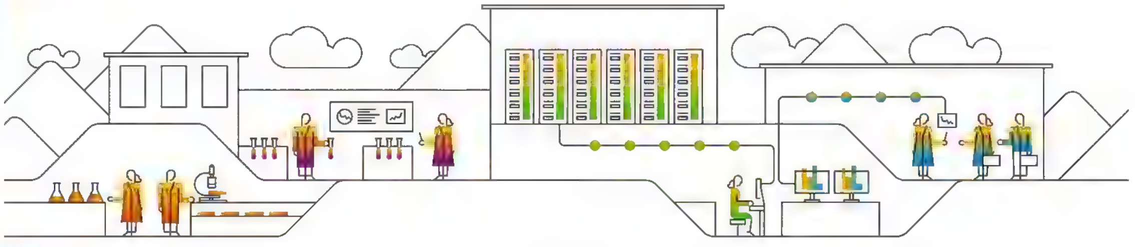


Figure 114: How to Use

- To Reassign POBs, you can use the **Combine Revenue Contracts** Fiori App
- You need to select 2 revenue contracts and then click the **Reassign POBs** button
- When you click the **Reassign POBs** button, a popup appears and you need to specify the following:
  - Target Revenue Contract
  - Business Change Reason
  - Effective Date

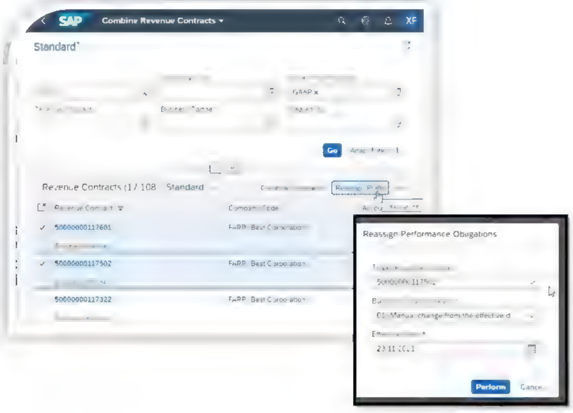
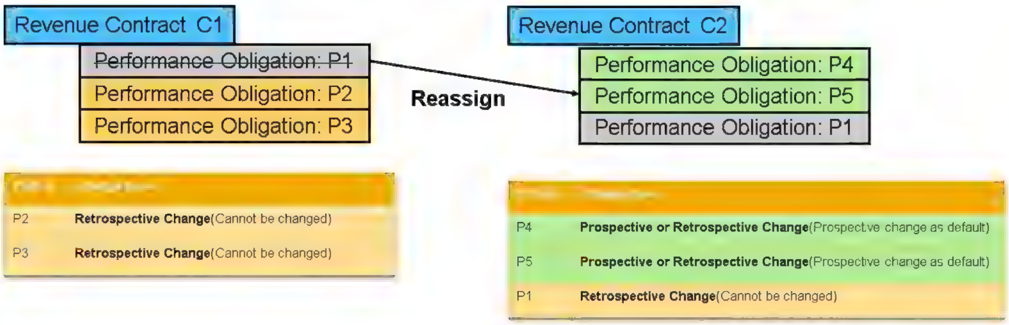

Combine Revenue Contracts
Standard
GAAP
Go
Revenue Contracts (1/108) Standard
Revenue Contract
Company Code
50000000117601
FARP Best Corporation
50000000117502
FARP Best Corporation
50000000117322
FARP Best Corporation
Reassign Performance Obligations
01 Manual change from the effective d
Perform
Cancel

Figure 115: Using Fiori Apps 'Combine Revenue Contracts'

When POBs are reassigned between revenue contracts, the following happens in the system:

- In the source contract, a full retrospective change is triggered, and it results in a full retrospective allocation and revenue catchup.
- In target contract:
  - POBs from the source contract are always allocated retrospectively
  - By default, other POBs in the target contract are defined as prospective changes.
  - You can still define change types for other POBs via *BAdI FARR_BADI_CHANGE_TYPE_DETN*, but the POBs from the source contract must have the retrospective change type
- Posting of reassigned POBs in the source contract will be reversed and are then reposted to the target contract according to the posting category.
- Contract liabilities and contract assets from the source contract and target contract will be calculated at the next run of *Calculate Contract Liabilities* after POB reassignment.

Figure 116: System Processing at Performance Obligation (POB) ReassignmentOverview


Revenue Contract C1
~~Performance Obligation: P1~~
Performance Obligation: P2
Performance Obligation: P3
Reassign
Revenue Contract C2
Performance Obligation: P4
Performance Obligation: P5
Performance Obligation: P1

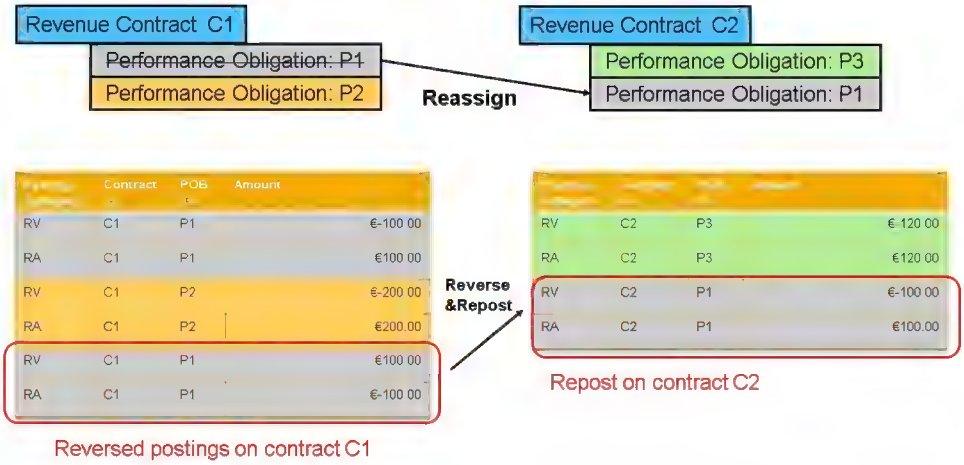
[illegible]	[illegible]
P2	**Retrospective Change**(Cannot be changed)
P3	**Retrospective Change**(Cannot be changed)

[illegible]	[illegible]
P4	**Prospective or Retrospective Change**(Prospective change as default)
P5	**Prospective or Retrospective Change**(Prospective change as default)
P1	**Retrospective Change**(Cannot be changed)

Source contract always has a full retrospective change (all POBs have retrospective change).

Target contract can have different change types for different POBs, but the reassigned POBs must have the retrospective change type.

Figure 117: System Processing at POB ReassignmentExample - Reallocation


Revenue Contract C1
~~Performance Obligation: P1~~
Performance Obligation: P2
Reassign
Revenue Contract C2
Performance Obligation: P3
Performance Obligation: P1
Reverse &Repost

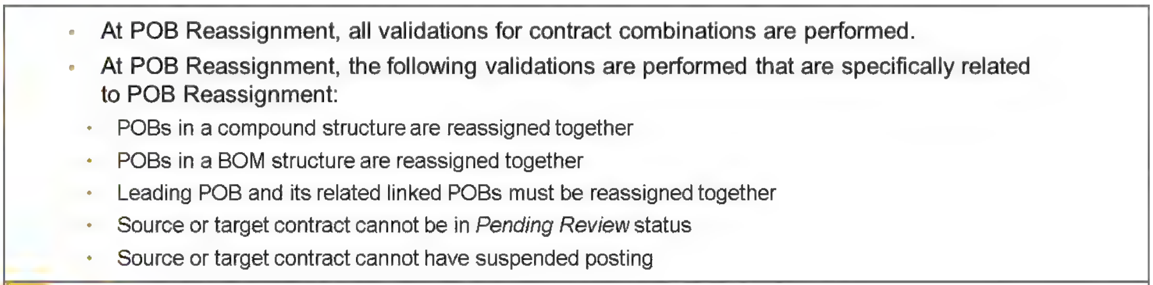
[illegible]	Contract	POB	Amount
RV	C1	P1	€-100 00
RA	C1	P1	€100 00
RV	C1	P2	€-200 00
RA	C1	P2	€200.00
RV	C1	P1	€100 00
RA	C1	P1	€-100 00

Reversed postings on contract C1

[illegible]	[illegible]	[illegible]	[illegible]
RV	C2	P3	€ 120 00
RA	C2	P3	€120 00
RV	C2	P1	€-100 00
RA	C2	P1	€100.00

Repost on contract C2

Figure 118: System Processing at POB ReassignmentExample - Reverse and Repost



- At POB Reassignment, all validations for contract combinations are performed.
- At POB Reassignment, the following validations are performed that are specifically related to POB Reassignment:
  - POBs in a compound structure are reassigned together
  - POBs in a BOM structure are reassigned together
  - Leading POB and its related linked POBs must be reassigned together
  - Source or target contract cannot be in *Pending Review* status
  - Source or target contract cannot have suspended posting

Figure 119: Validations at POB Reassignment

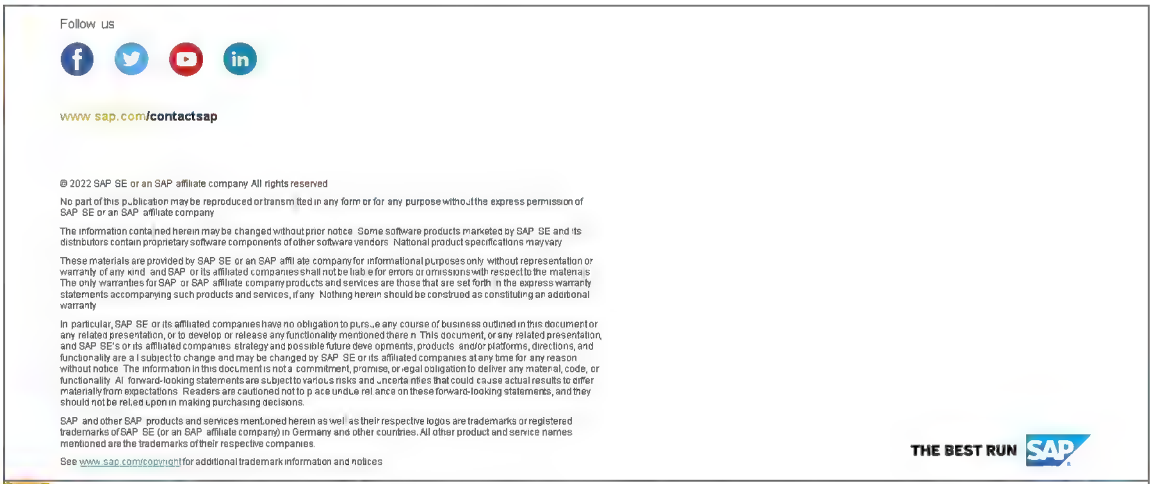


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Figure 120: Performance Obligation Reassignment

Contract Splitting

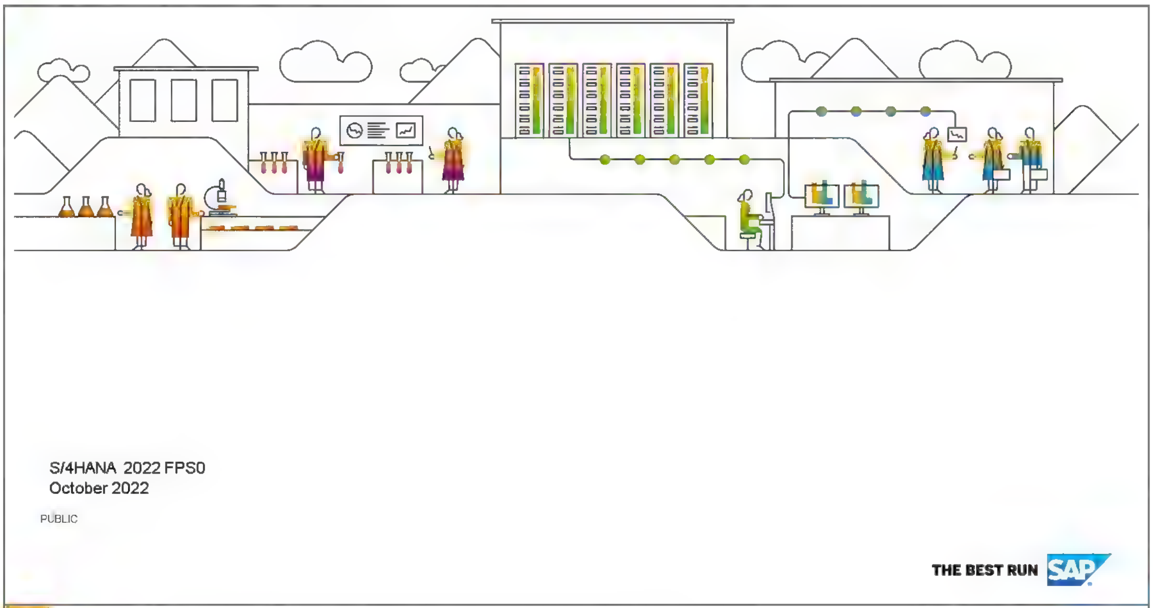

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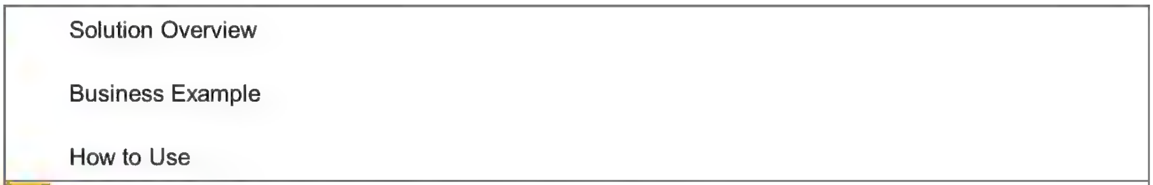
Figure 121: Revenue Accounting and ReportingContract Splitting



Solution Overview

Business Example

How to Use

Figure 122: Agenda

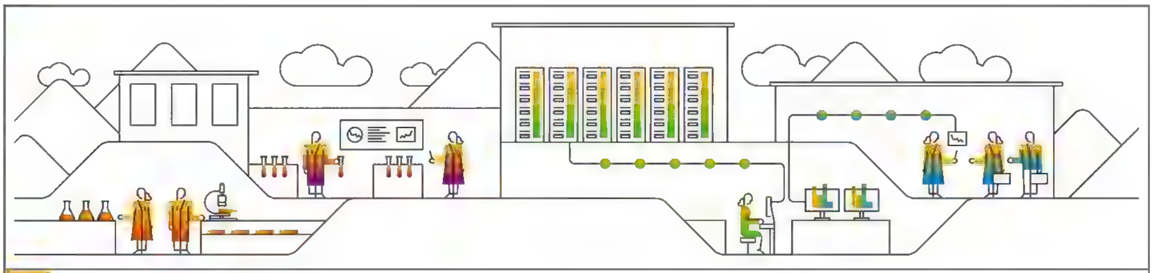
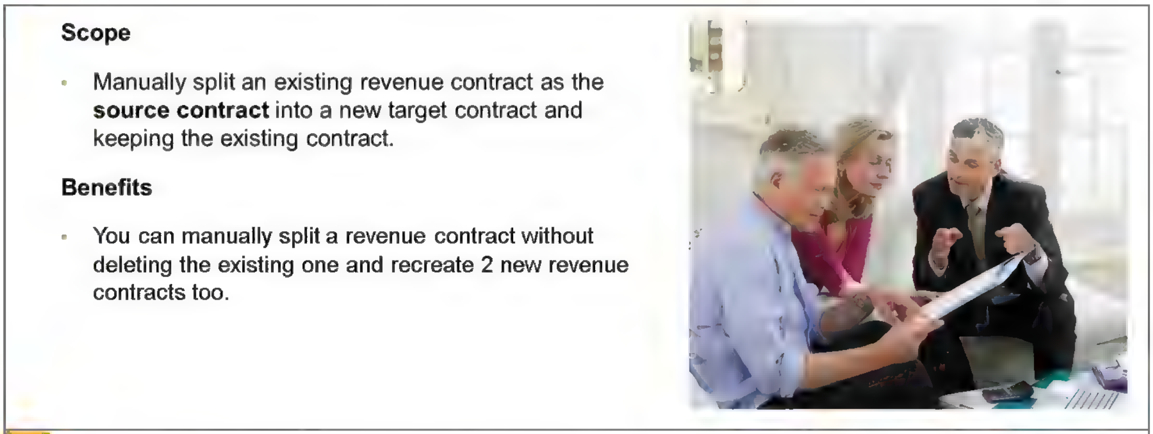


Figure 123: Solution Overview



Scope

- Manually split an existing revenue contract as the **source contract** into a new target contract and keeping the existing contract.

Benefits

- You can manually split a revenue contract without deleting the existing one and recreate 2 new revenue contracts too.

Figure 124: Solution Overview: Contract Splitting

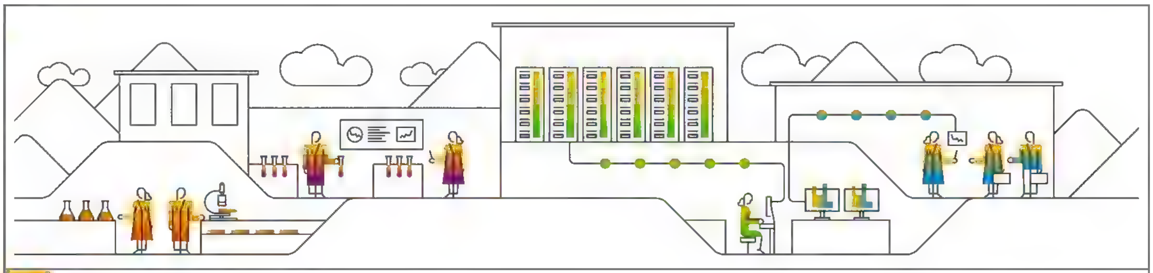
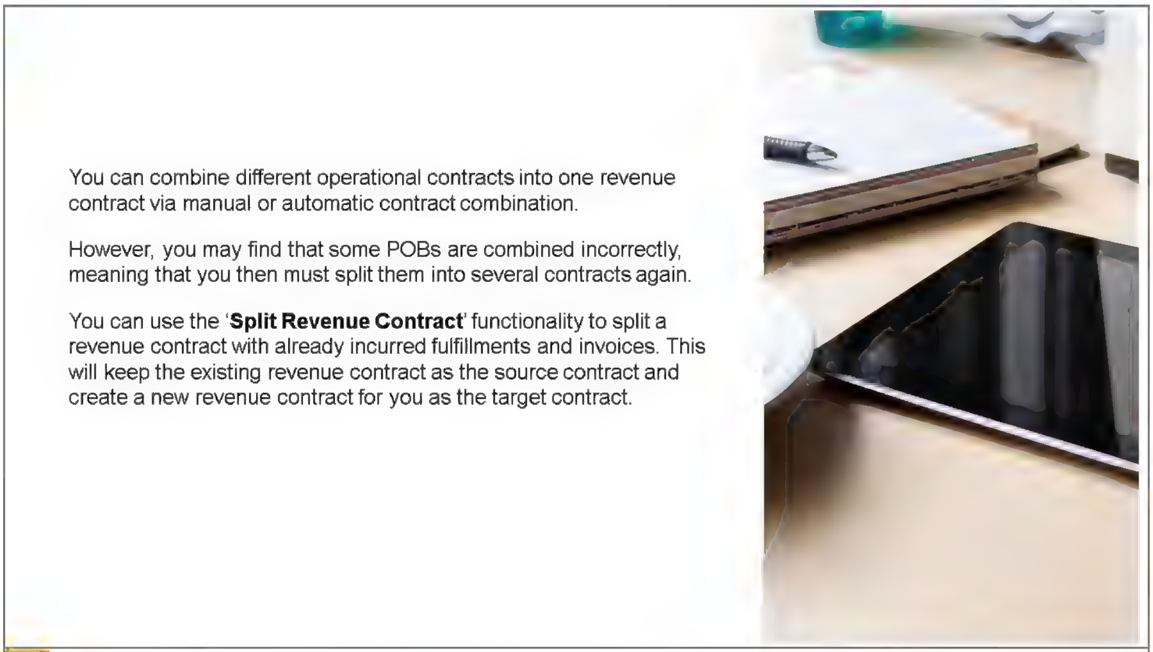


Figure 125: Business Example

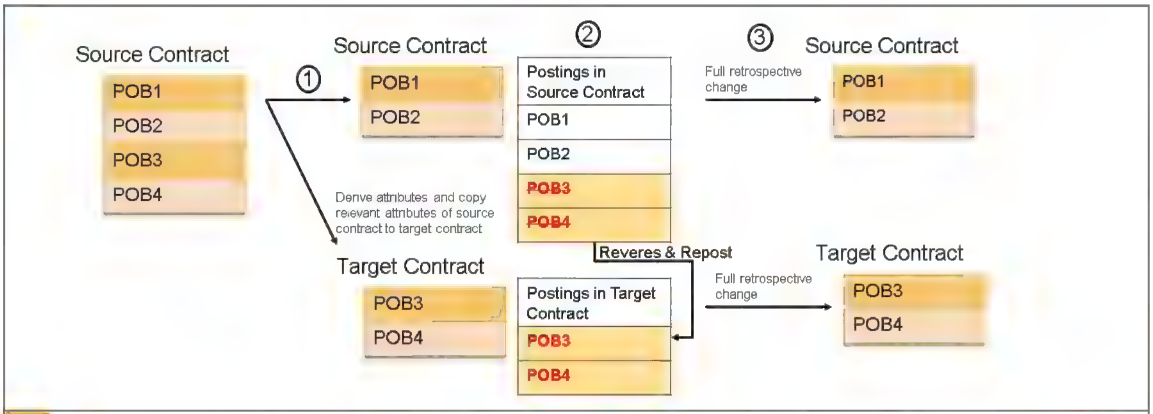


You can combine different operational contracts into one revenue contract via manual or automatic contract combination.

However, you may find that some POBs are combined incorrectly, meaning that you then must split them into several contracts again.

You can use the '**Split Revenue Contract**' functionality to split a revenue contract with already incurred fulfillments and invoices. This will keep the existing revenue contract as the source contract and create a new revenue contract for you as the target contract.

Figure 126: Business Example - Split Revenue Contract



Source Contract
POB1
POB2
POB3
POB4

①
Source Contract
POB1
POB2

Derive attributes and copy relevant attributes of source contract to target contract

Target Contract
POB3
POB4

②
Postings in Source Contract
POB1
POB2
POB3
POB4

Reverses & Repost

Postings in Target Contract
POB3
POB4

③
Full retrospective change
Source Contract
POB1
POB2

Full retrospective change
Target Contract
POB3
POB4

Figure 127: System Process at Contract Split

1. From the FIORI app, you can split the source contract into the source contract and target contract. The relevant attributes of the target contract will be derived or copied from the source contract.
2. In the next step, for the POBs that are moved from the source contract to the target contract, the postings will be reversed in the source contract and reposted to the target contract.
3. As the last step, both source contract and target contract will have a full retrospective change, which triggers full retrospective price allocation and revenue catchup if revenue is recognized in the closed period.

The following validations are performed during the splitting of a revenue contract:

- If a POB is in a compound structure, all POBs in this compound structure are split and sent to the target contract together. You must select all POBs from the compound structure during contract splitting.
- If a POB is in a BOM structure from the operational contract, all POBs in the BOM structure are split and sent to the target contract. You must select all POBs from the BOM structure during contract splitting.
- The leading POB and the related linked POBs are split together. You must select both the leading and linked POBs.
- If the source contract is in status “Pending Review” or has suspended revenue postings, contact splitting is not permitted.

Figure 128: Validation at Splitting Revenue Contract

The following attributes of the target contract are copied from the source contract:

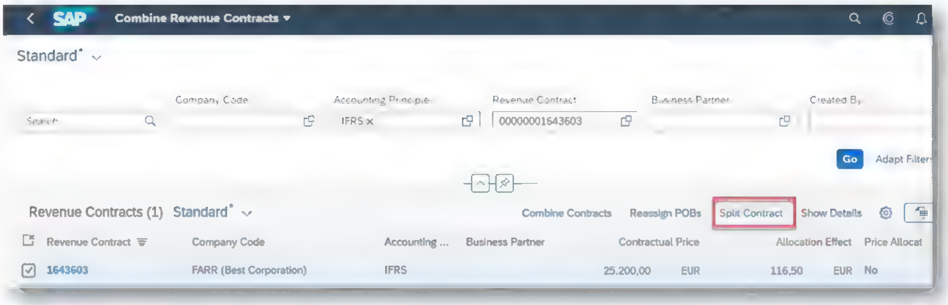
- Custom Fields
- Customer Number/BP Number
- Receivables Account/Receivables Adjustment Account
- Contract Asset/Contract Liability Account
- Posting Mode
- Contract Balance Presentation
- Level for Posting Liabilities and Assets to Posting Table

Figure 129: Target Contract’s Attributes are Copied from Source Contract

Figure 130: How to Use

You can split a revenue contract from the ‘**Combine Revenue Contracts**’ Fiori App.

To do this, you need to select the revenue contract and then click the ‘**Split Contract**’ button.



Company Code:
Accounting Principle: IFRS
Revenue Contract: 00000001643603
Business Partner:
Created By:

Revenue Contracts (1) Standard*

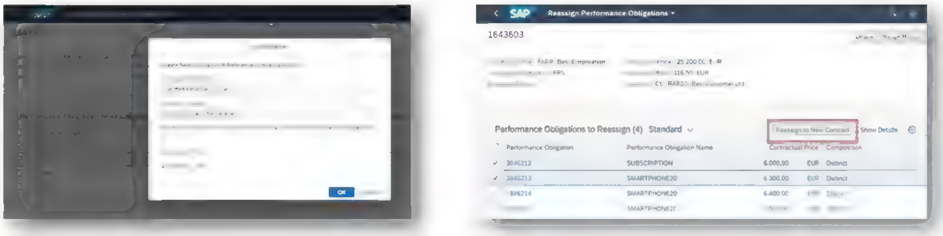
	Revenue Contract	Company Code	Accounting ...	Business Partner	Contractual Price		Allocation Effect		Price Allocat
☑	1643603	FARR (Best Corporation)	IFRS		25.200,00	EUR	116,50	EUR	No

Figure 131: Split Revenue Contract in Fiori App 'Combine Revenue Contracts'

In the next screen, you can select the POBs to be reassigned to create a new revenue contract.

To do this, you select the POBs from the list and then click the **‘Reassign to New Contract’** button.

In the pop-up, you enter the **Contract Description** and **Contract Category,** then click **Ok**.


OK
Reassign Performance Obligations
1643603
Performance Obligations to Reassign (4) Standard
Reassign to New Contract
Show Details

	Performance Obligation	Performance Obligation Name	Contractual Price		Composition
✓	3846212	SUBSCRIPTION	6.000,00	EUR	Distinct
✓	3846213	SMARTPHONE20	6.300,00	EUR	Distinct
	846214	SMARTPHONE20	6.400,00	[illegible]	[illegible]
	[illegible]	SMARTPHONE20	[illegible]	[illegible]	[illegible]

Figure 132: Split Revenue Contract in the 'Combine Revenue Contracts' Fiori App

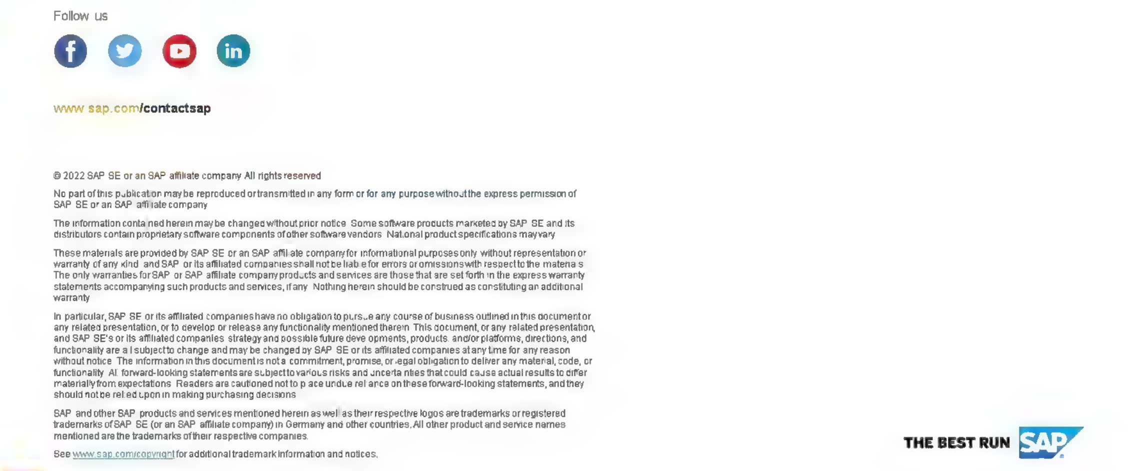

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Figure 133: Contract Splitting

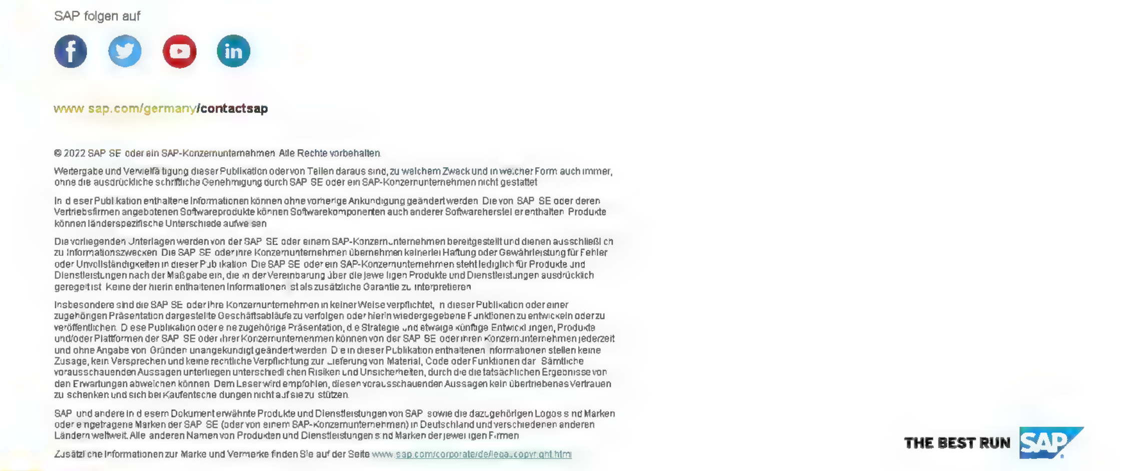
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Figure 134: Contract Splitting

Contract Acquisition Costs

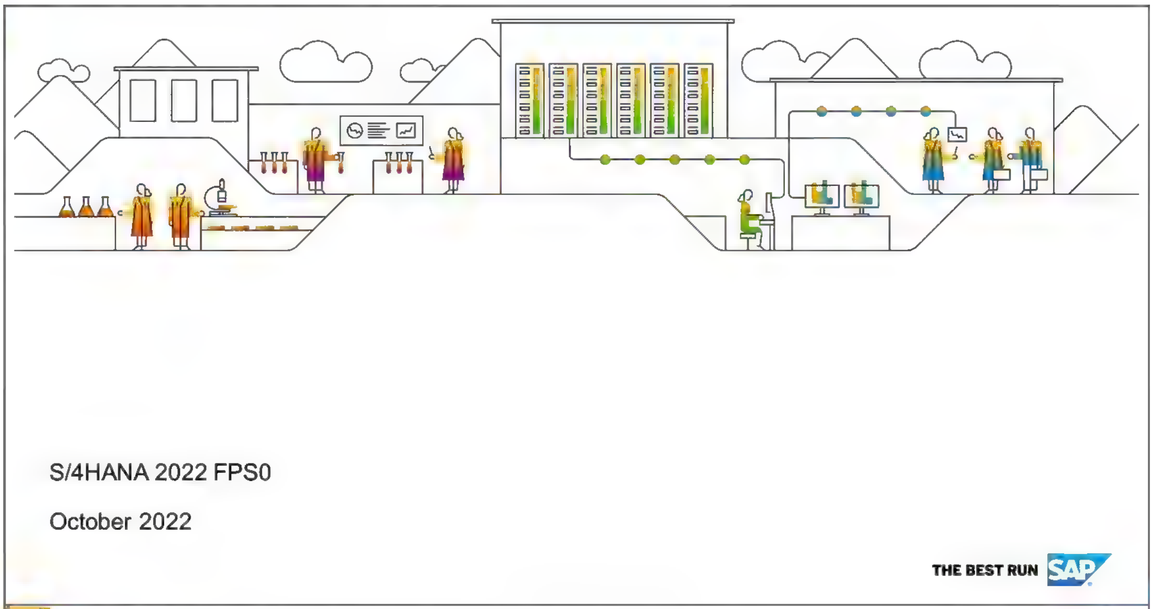

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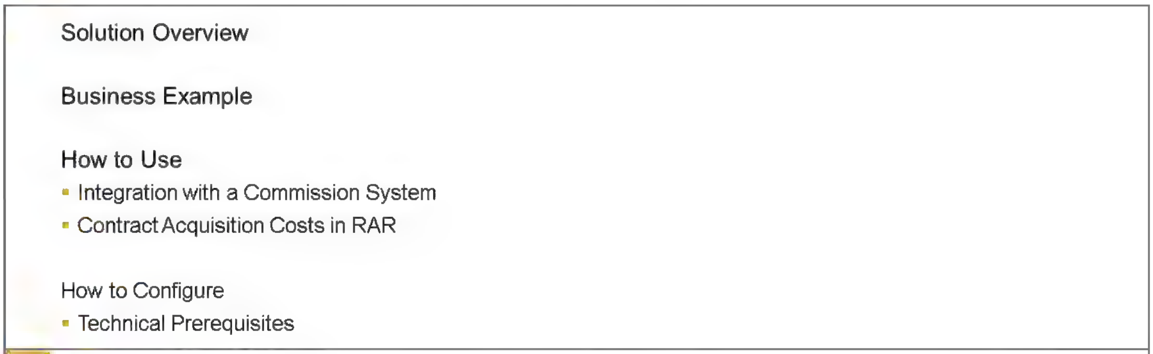
Figure 135: Revenue Accounting and ReportingContract Acquisition Cost



Solution Overview

Business Example

How to Use
- Integration with a Commission System
- Contract Acquisition Costs in RAR

How to Configure
- Technical Prerequisites

Figure 136: Agenda

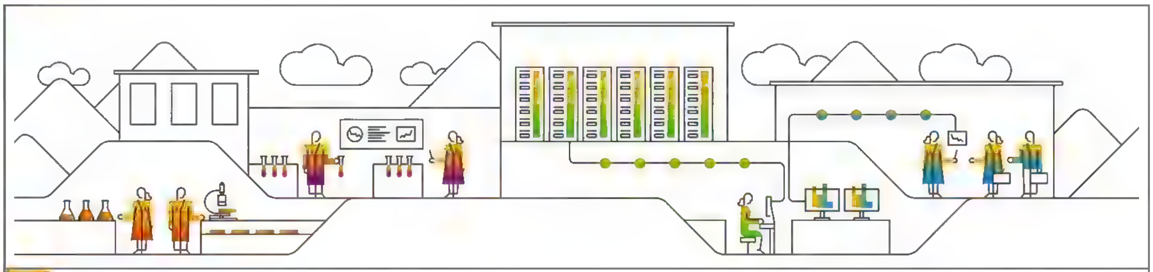
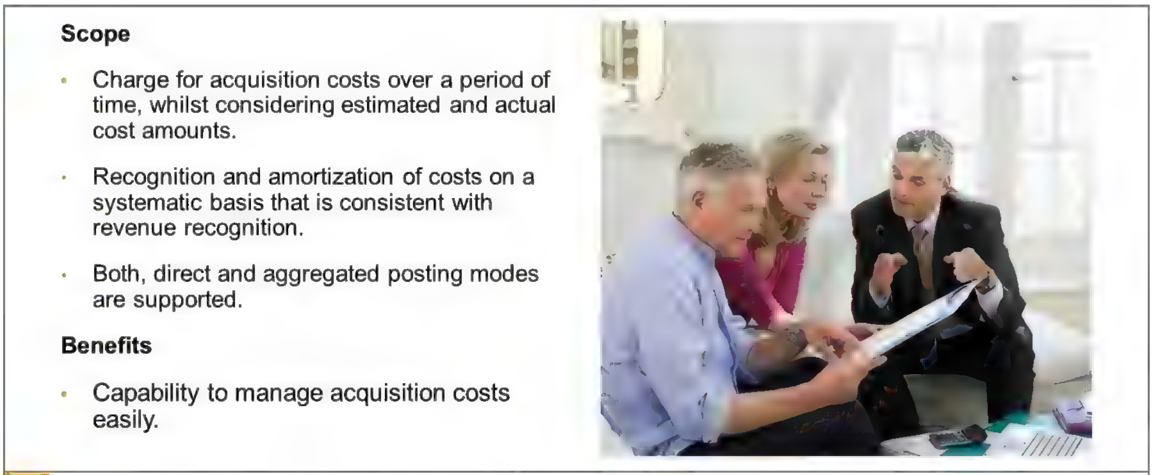


Figure 137: Solution Overview



Scope

- Charge for acquisition costs over a period of time, whilst considering estimated and actual cost amounts.
- Recognition and amortization of costs on a systematic basis that is consistent with revenue recognition.
- Both, direct and aggregated posting modes are supported.

Benefits

- Capability to manage acquisition costs easily.

Figure 138: Solution Overview: Contract Acquisition Cost

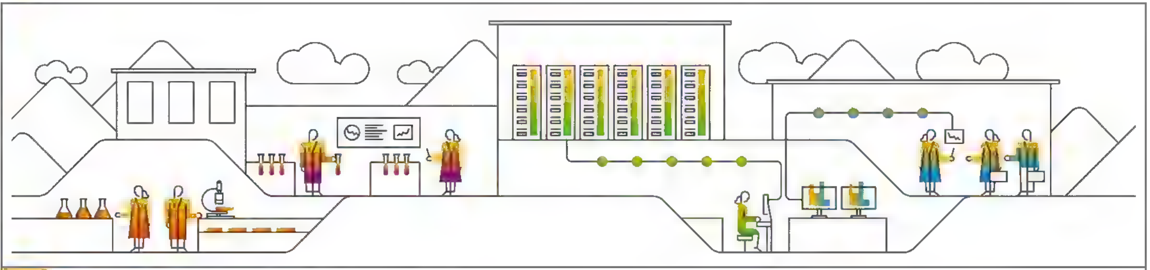
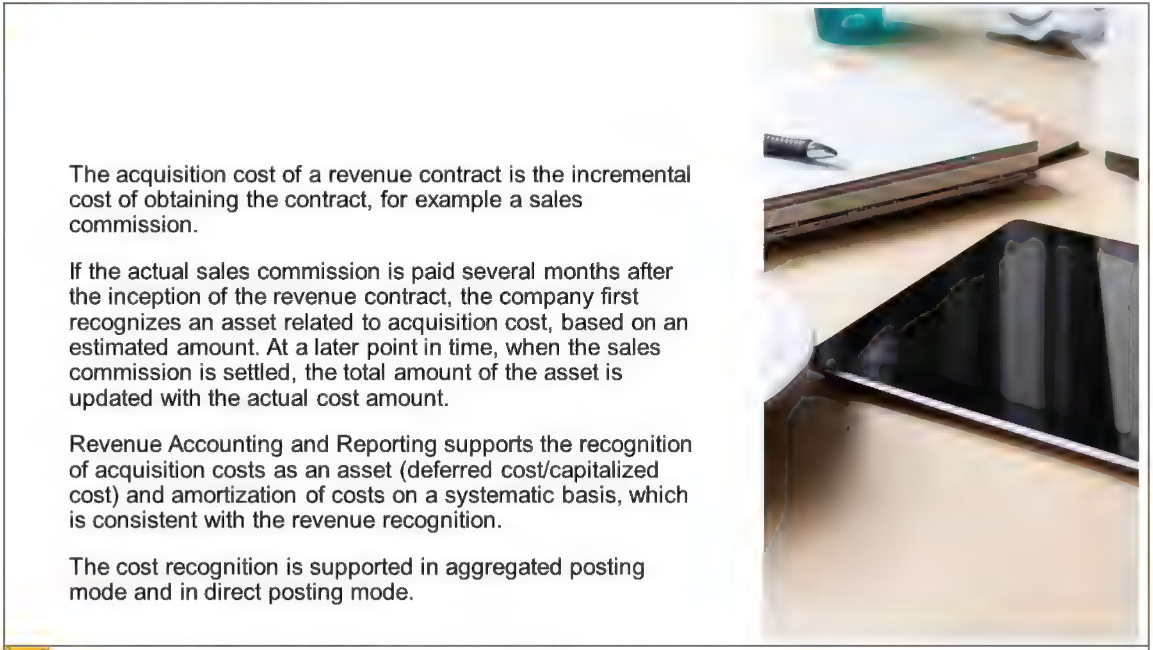


Figure 139: Business Example



The acquisition cost of a revenue contract is the incremental cost of obtaining the contract, for example a sales commission.

If the actual sales commission is paid several months after the inception of the revenue contract, the company first recognizes an asset related to acquisition cost, based on an estimated amount. At a later point in time, when the sales commission is settled, the total amount of the asset is updated with the actual cost amount.

Revenue Accounting and Reporting supports the recognition of acquisition costs as an asset (deferred cost/capitalized cost) and amortization of costs on a systematic basis, which is consistent with the revenue recognition.

The cost recognition is supported in aggregated posting mode and in direct posting mode.

Figure 140: Business Example - Contract Acquisition Cost

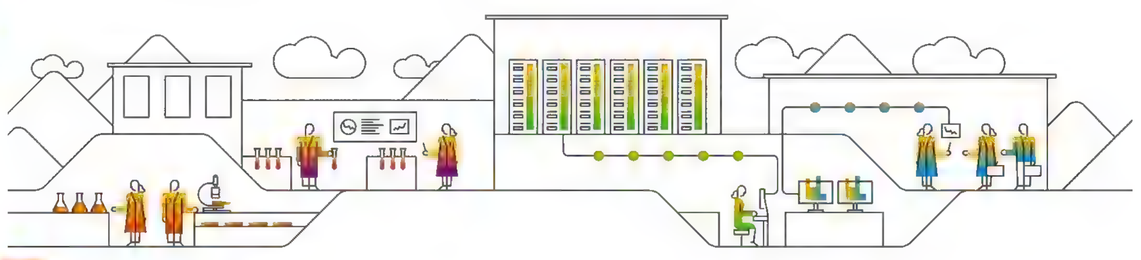
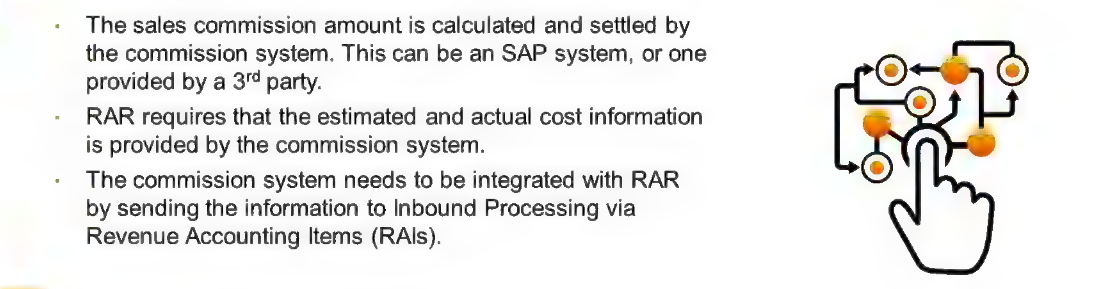


Figure 141: How to Use

Figure 142: Integration with a Commission System



- The sales commission amount is calculated and settled by the commission system. This can be an SAP system, or one provided by a 3rd party.
- RAR requires that the estimated and actual cost information is provided by the commission system.
- The commission system needs to be integrated with RAR by sending the information to Inbound Processing via Revenue Accounting Items (RAIs).

Figure 143: Integration with a Commission SystemOverview

The commission system needs to provide the estimated and actual costs to RAR based on the following:

- The **estimated amount** of acquisition cost is sent **via an order RAI** with condition items.
- If later, the total estimated amount is updated before the actual cost information is known, then the sender component must send this information with an order RAI.
- When the **actual cost** is settled, the sender component sends a **cost RAI**. The cost RAI contains cost conditions as well as the actual amount.
- If cost RAI have already been sent to RAR, RAR always uses the cumulative cost amount from all cost RAIs as the total actual cost amount.

Figure 144: Integration with a Commission SystemHow to provide estimated and actual cost information to RAR

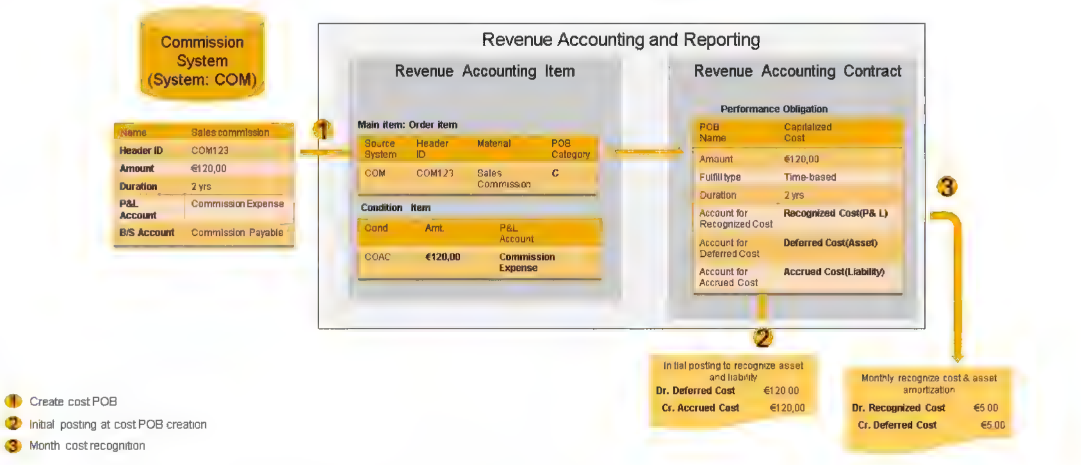

Commission System (System: COM)
Name | Sales commission
Header ID | COM123
Amount | €120,00
Duration | 2 yrs
P&L Account | Commission Expense
B/S Account | Commission Payable
1
Revenue Accounting and Reporting
Revenue Accounting Item
Main item: Order item
Source System | Header ID | Material | POB Category
COM | COM123 | Sales Commission | C
Condition Item
Cond | Amt. | P&L Account
COAC | €120,00 | Commission Expense
Revenue Accounting Contract
Performance Obligation
POB Name | Capitalized Cost
Amount | €120,00
Fulfill type | Time-based
Duration | 2 yrs
Account for Recognized Cost | Recognized Cost(P& L)
Account for Deferred Cost | Deferred Cost(Asset)
Account for Accrued Cost | Accrued Cost(Liability)
2
Initial posting to recognize asset and liability
Dr. Deferred Cost €120 00
Cr. Accrued Cost €120,00
3
Monthly recognize cost & asset amortization
Dr. Recognized Cost €5 00
Cr. Deferred Cost €5.00
1 Create cost POB
2 Initial posting at cost POB creation
3 Month cost recognition

Figure 145: Integration with a Commission System (I)Creating an acquisition cost POB with estimated cost

1. When the estimated commission expense is created in the commission system, the information is passed to RAR via RAIs (Revenue Accounting Item). This creates the performance obligation for acquisition cost (POB category = C).
    - In the example provided, the sales commission is €120.00 and this is defined as a time-based POB with a duration of 2 years.
2. When the POB is created, RAR posts the amount for deferred cost posting and accrued cost posting:
    - The deferred cost is classed as an asset, which will be amortized later with recognized cost.
    - The accrued cost will be written-off when the actual cost is sent (refer to the next slides).
3. As the acquisition cost performance obligation is a time-based POB, the acquisition costs will be recognized monthly:
    - In this example, the cost recognized per month is €5 (=€120.00/24).

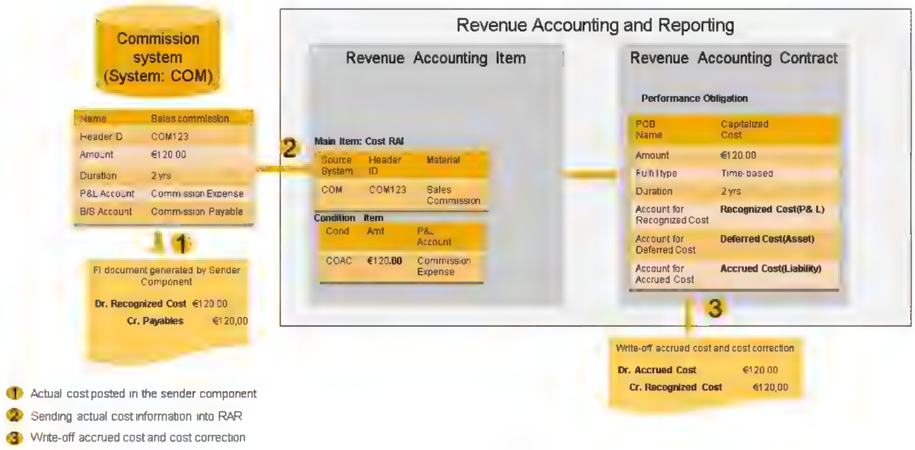
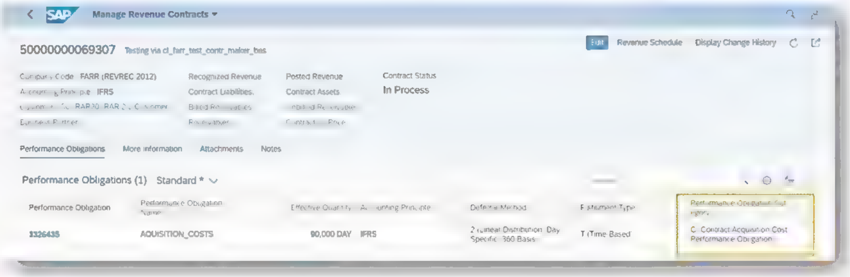

Commission system (System: COM)
Name | Sales commision
Header D | COM123
Amount | €120 00
Duration | 2 yrs
P&L Account | Commission Expense
B/S Account | Commission Payable
1
FI document generated by Sender Component
Dr. Recognized Cost €120 00
Cr. Payables €120,00
2
Revenue Accounting and Reporting
Revenue Accounting Item
Main Item: Cost RAI
Source System | Header ID | Material
COM | COM123 | Sales Commission
Condition Item
Cond | Amt | P&L Account
COAC | €120.00 | Commission Expense
Revenue Accounting Contract
Performance Obligation
POB Name | Capitalized Cost
Amount | €120.00
Fulfill type | Time-based
Duration | 2 yrs
Account for Recognized Cost | Recognized Cost(P& L)
Account for Deferred Cost | Deferred Cost(Asset)
Account for Accrued Cost | Accrued Cost(Liability)
3
Write-off accrued cost and cost correction
Dr. Accrued Cost €120 00
Cr. Recognized Cost €120,00
1 Actual cost posted in the sender component
2 Sending actual cost information into RAR
3 Write-off accrued cost and cost correction

Figure 146: Integration with a Commission System (II)Sending actual cost

1. After the cost POB is created according to the previous slides, the sender component posts the acquisition cost as an expense.
2. The actual cost information is sent to RAR as a cost RAI along with the main item and the condition items. In this example, the actual cost amount is €120,00
3. RAR triggers a cost correction posting to write-off the accrued cost; this is posted when the cost POB is created.

Figure 147: Contract Acquisition Costs in RAR

At contract creation, if the sender component provides acquisition cost information, a performance obligation with the ***Contract Acquisition Cost Performance Obligation*** performance obligation category is created in Revenue Accounting. This type of POB is used to capture the contract acquisition cost related to a revenue contract.


Manage Revenue Contracts
Edit
Revenue Schedule
Display Change History
Performance Obligations
More information
Attachments
Notes
Performance Obligations (1)
Standard *

50000000069307 Testing via cl_farr_test_contr_maker_bas

Company Code: FARR (REVREC 2012)
Accounting Principle: IFRS
Contract Status: In Process

Performance Obligation	Performance Obligation Name	Effective Quantity	Accounting Principle	Deferral Method	Fulfillment Type	Performance Obligation Category
3326435	AQUISITION_COSTS	90,000 DAY	IFRS	2 (Linear Distribution, Day Specific, 360 Basis)	T (Time-Based)	C (Contract Acquisition Cost Performance Obligation)

Figure 148: Acquisition Cost Performance Obligation in RAR

Generally speaking, a **contract** can contain:

- Only one acquisition cost POB, without any other POBs present
- Several acquisition cost POBs
- One or more acquisition cost POBs and POBs of another POB-type.

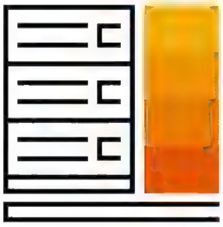


Figure 149: Acquisition Cost POBs in a RAR Contract

An acquisition cost POB

- Can only have cost conditions with the condition role *Contract Acquisition Cost;* no price or any other conditions
- Is not allowed to be manually created (must come from operational system)
- Must have Start Date Type 1 - "Available at Creation"
- Is always a **time-based POB**
- Is **not relevant for allocation**
- Cannot be a leading or linked POB
- Cannot be included in a compound group (it is always a distinct POB)

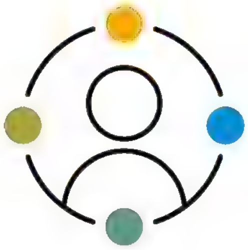


Figure 150: Characteristics of Acquisition Cost POB

1. Create an acquisition cost POB

- Postings for **recognition of the initial cost assets and accrued cost liabilities** is created with the posting schema:

  - **Dr. Deferred Cost (CJ)**
    - **CR. Accrued Cost (AC)**

- Fulfillments for cost recognition are created as usual for a time-based POB, depending on the deferral method.

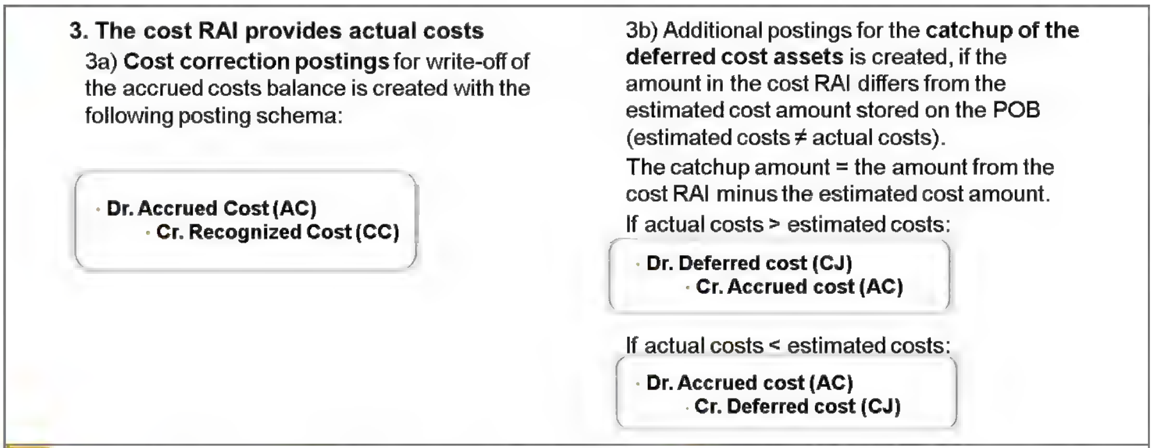
2. Transfer revenue*

- Postings for the **amortization of the assets and recognition of costs** is created with the following posting schema:

  - **Dr. Recognized Cost (CO)**
    - **CR. Deferred Cost (CJ)**

- Based on the fulfilment entries of the acquisition cost POB, the recognized cost of each period is calculated as follows:
  - Recognized cost per condition type = Total fulfilled days * Total cost/Total days of time-based POB - previous recognized cost

Figure 151: Process Steps and Corresponding Postings Create a POB and transfer revenue



3. The cost RAI provides actual costs

3a) **Cost correction postings** for write-off of the accrued costs balance is created with the following posting schema:

- **Dr. Accrued Cost (AC)**
  - **Cr. Recognized Cost (CC)**

3b) Additional postings for the **catchup of the deferred cost assets** is created, if the amount in the cost RAI differs from the estimated cost amount stored on the POB (estimated costs ≠ actual costs).

The catchup amount = the amount from the cost RAI minus the estimated cost amount.

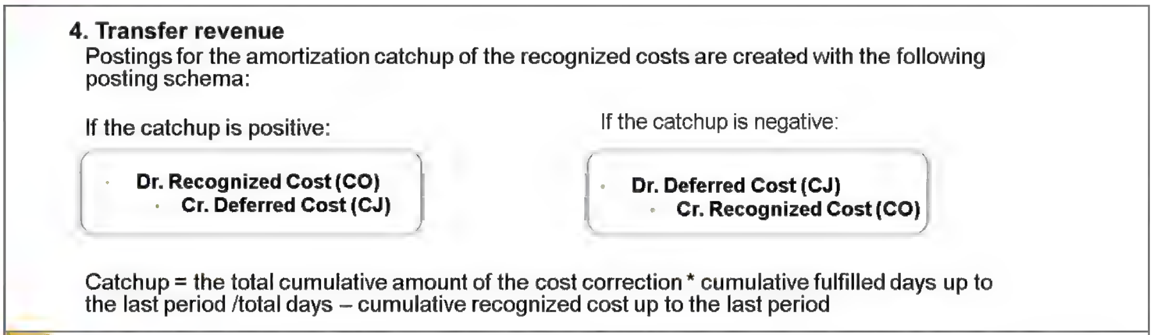
If actual costs > estimated costs:

- **Dr. Deferred cost (CJ)**
  - **Cr. Accrued cost (AC)**

If actual costs < estimated costs:

- **Dr. Accrued cost (AC)**
  - **Cr. Deferred cost (CJ)**

Figure 152: Process Steps and Corresponding PostingsProcess the actual costs and transfer revenue



4. Transfer revenue

Postings for the amortization catchup of the recognized costs are created with the following posting schema:

If the catchup is positive:

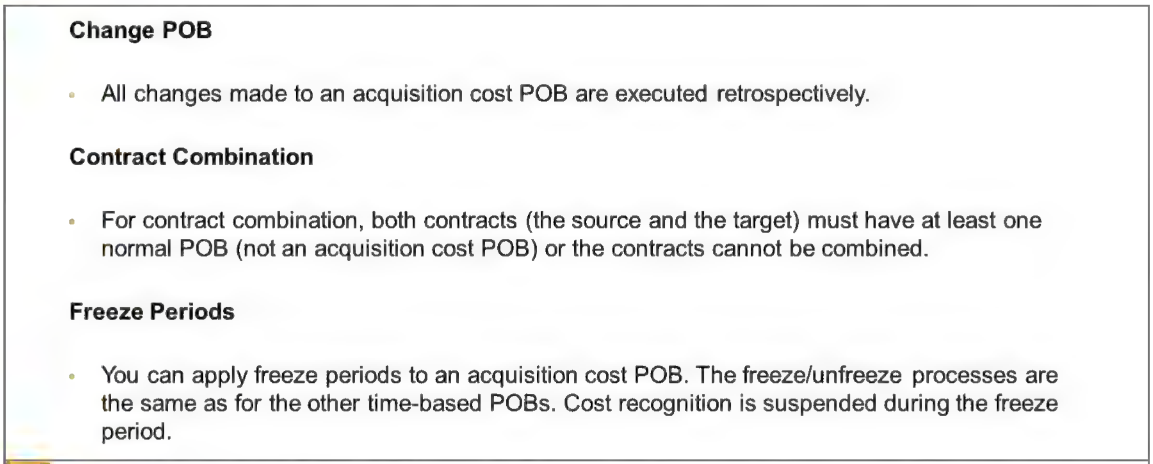
- **Dr. Recognized Cost (CO)**
  - **Cr. Deferred Cost (CJ)**

If the catchup is negative:

- **Dr. Deferred Cost (CJ)**
  - **Cr. Recognized Cost (CO)**

Catchup = the total cumulative amount of the cost correction * cumulative fulfilled days up to the last period /total days – cumulative recognized cost up to the last period

Figure 153: Process Steps and Corresponding PostingsTransfer revenue after processing of the actual costs



Change POB

- All changes made to an acquisition cost POB are executed retrospectively.

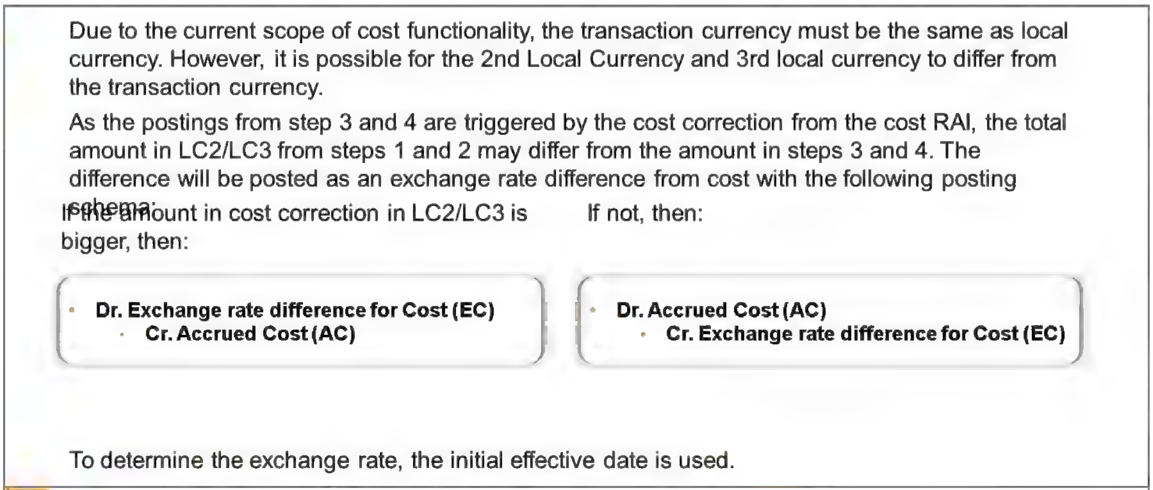
Contract Combination

- For contract combination, both contracts (the source and the target) must have at least one normal POB (not an acquisition cost POB) or the contracts cannot be combined.

Freeze Periods

- You can apply freeze periods to an acquisition cost POB. The freeze/unfreeze processes are the same as for the other time-based POBs. Cost recognition is suspended during the freeze period.

Figure 154: POB Change and Other Processes



Due to the current scope of cost functionality, the transaction currency must be the same as local currency. However, it is possible for the 2nd Local Currency and 3rd local currency to differ from the transaction currency.

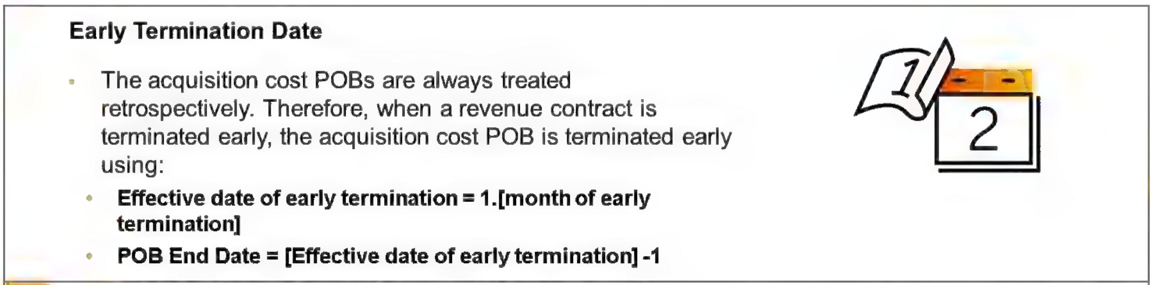
As the postings from step 3 and 4 are triggered by the cost correction from the cost RAI, the total amount in LC2/LC3 from steps 1 and 2 may differ from the amount in steps 3 and 4. The difference will be posted as an exchange rate difference from cost with the following posting schema:

If the amount in cost correction in LC2/LC3 is bigger, then:	If not, then:
- **Dr. Exchange rate difference for Cost (EC)** - **Cr. Accrued Cost (AC)**	- **Dr. Accrued Cost (AC)** - **Cr. Exchange rate difference for Cost (EC)**

To determine the exchange rate, the initial effective date is used.

Figure 155: Exchange Rate Difference for LC2/LC3 Amounts

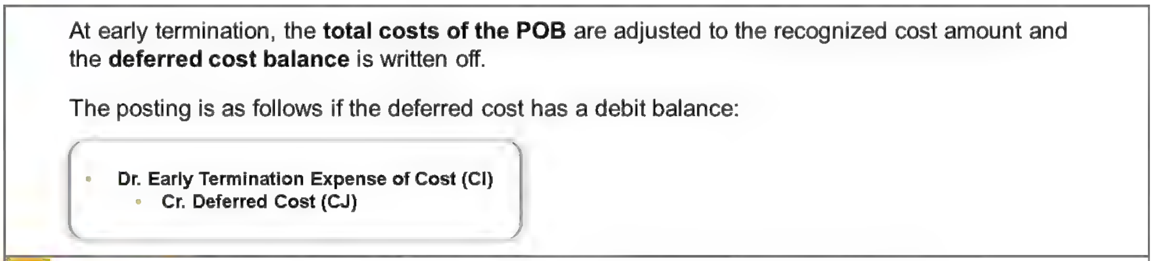
Figure 156: Early Termination Expense of Acquisition Costs



Early Termination Date

- The acquisition cost POBs are always treated retrospectively. Therefore, when a revenue contract is terminated early, the acquisition cost POB is terminated early using:
  - **Effective date of early termination = 1.[month of early termination]**
  - **POB End Date = [Effective date of early termination] -1**

Figure 157: Early Termination Expense of Acquisition CostsEffective date of early termination and POB end date



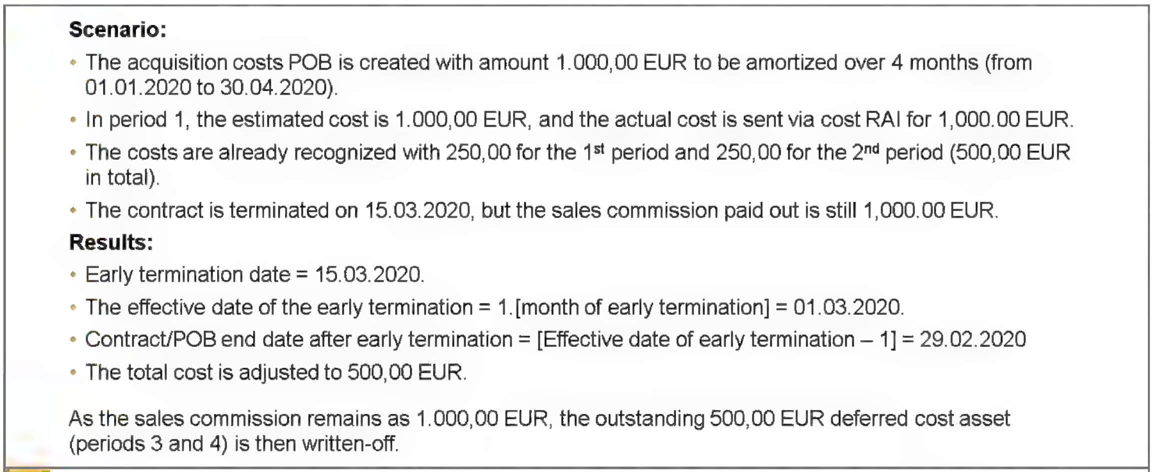
At early termination, the **total costs of the POB** are adjusted to the recognized cost amount and the **deferred cost balance** is written off.

The posting is as follows if the deferred cost has a debit balance:

- **Dr. Early Termination Expense of Cost (CI)**
  - **Cr. Deferred Cost (CJ)**

Figure 158: Early Termination Expense of Acquisition CostsWrite-off deferred cost balance

Remark: the balance of accrued cost is NOT written-off as the balance of accrued cost is always written-off by cost correction.



Scenario:

- The acquisition costs POB is created with amount 1.000,00 EUR to be amortized over 4 months (from 01.01.2020 to 30.04.2020).
- In period 1, the estimated cost is 1.000,00 EUR, and the actual cost is sent via cost RAI for 1,000.00 EUR.
- The costs are already recognized with 250,00 for the 1st period and 250,00 for the 2nd period (500,00 EUR in total).
- The contract is terminated on 15.03.2020, but the sales commission paid out is still 1,000.00 EUR.

Results:

- Early termination date = 15.03.2020.
- The effective date of the early termination = 1.[month of early termination] = 01.03.2020.
- Contract/POB end date after early termination = [Effective date of early termination – 1] = 29.02.2020
- The total cost is adjusted to 500,00 EUR.

As the sales commission remains as 1.000,00 EUR, the outstanding 500,00 EUR deferred cost asset (periods 3 and 4) is then written-off.

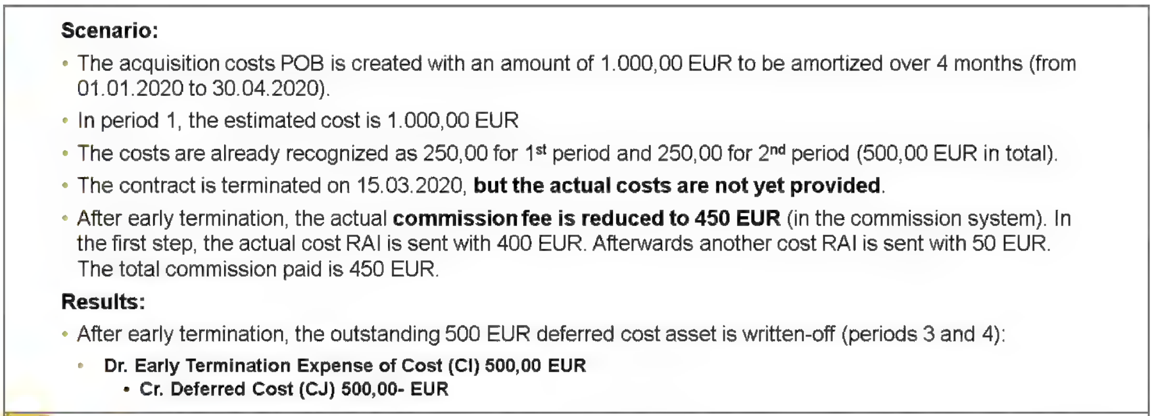
Figure 159: Early Termination Expense of Acquisition CostsBusiness Example 1: Actual cost provided before early termination

Early termination write-off posting for deferred cost:

- Dr. Early Termination Expense of Cost (CI) 500,00 EUR
- Cr. Deferred Cost (CJ) 500,00- EUR

At the early termination of a revenue contract, the deferred cost balance is written off. The balance of accrued cost will NOT be written-off as the balance of accrued cost is always written-off by cost correction.

This posting is created after processing of early termination and the execution of programs Transfer Revenue FARR_REV_TRANSFER and Calculate Assets and Liabilities FARR_LIABILITY_CALC.



Scenario:

- The acquisition costs POB is created with an amount of 1.000,00 EUR to be amortized over 4 months (from 01.01.2020 to 30.04.2020).
- In period 1, the estimated cost is 1.000,00 EUR
- The costs are already recognized as 250,00 for 1st period and 250,00 for 2nd period (500,00 EUR in total).
- The contract is terminated on 15.03.2020, **but the actual costs are not yet provided**.
- After early termination, the actual **commission fee is reduced to 450 EUR** (in the commission system). In the first step, the actual cost RAI is sent with 400 EUR. Afterwards another cost RAI is sent with 50 EUR. The total commission paid is 450 EUR.

Results:

- After early termination, the outstanding 500 EUR deferred cost asset is written-off (periods 3 and 4):
  - **Dr. Early Termination Expense of Cost (CI) 500,00 EUR**
    - **Cr. Deferred Cost (CJ) 500,00- EUR**

Figure 160: Early Termination Expense of Acquisition CostsBusiness Example 2: Actual cost provided after early termination (1)

Postings before early termination:

Postings for recognition of the initial cost assets and accrued cost liabilities

Dr. Deferred Cost (CJ) 1.000,00 EUR

- - CR. Accrued Cost (AC) 1.000,00 EUR

Postings for amortization of the assets and recognition of costs in the first 2 months of POB duration:

- - Dr. Recognized Cost (CO) 500,00 EUR
  - CR. Deferred Cost (CJ) 500,00- EUR

Early Termination:

- Early termination date = 15.03.2020.
- The effective date of early termination= 1.[month of early termination] = 01.03.2020.
- Contract/POB End Date after early termination = [Effective date of early termination - 1]=29.02.2020

Early Termination write-off posting for deferred cost:

- Dr. Early Termination Expense of Cost (CI) 500,00 EUR
  - - Cr. Deferred Cost (CJ) 500,00- EUR

Provide 1st cost RAI (actual costs) for 400,00 EUR

Cost correction postings for write-off of the accrued costs balance:

- - Dr. Accrued Cost (AC) 400,00 EUR
  - Cr. Recognized Cost (CC) 400,00- EUR

Additional postings for catchup of the deferred cost assets is created, as the amount in the Cost RAI differs from the estimated cost amount stored on the POB (estimated costs ≠ actual costs):

- - Dr. Accrued cost (AC) 600,00 EUR
  - Cr. Deferred cost (CJ) 600,00- EUR

Early Termination write-off posting for deferred cost:

- Dr. Deferred Cost (CJ) 600,00 EUR
    - Cr. Early Termination Expense of Cost (CI) 600,00- EUR

Provide 2nd cost RAI (actual costs) for 50,00 EUR

Cost correction postings for write-off of the accrued costs:

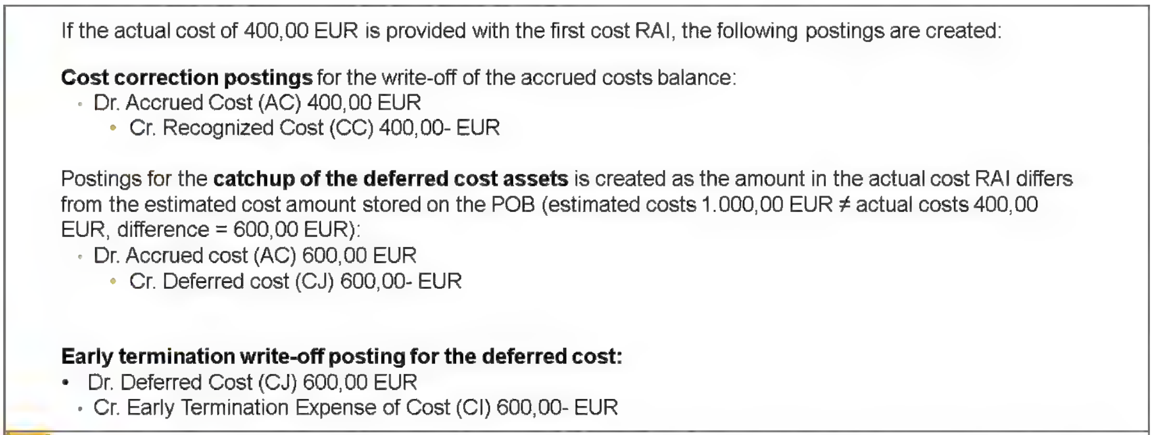
- - Dr. Accrued Cost (AC) 50,00 EUR
    - Cr. Recognized Cost (CC) 50,00- EUR

Postings for catchup of the deferred cost assets:

- - Dr. Deferred cost (CJ) 50,00 EUR
    - Cr. Accrued cost (AC) 50,00- EUR

Early Termination write-off posting for deferred cost:

- - Dr. Early Termination Expense of Cost (CI) 50,00 EUR
    - Cr. Deferred Cost (CJ) 50,00- EUR



If the actual cost of 400,00 EUR is provided with the first cost RAI, the following postings are created:

Cost correction postings for the write-off of the accrued costs balance:

- Dr. Accrued Cost (AC) 400,00 EUR
    - Cr. Recognized Cost (CC) 400,00- EUR

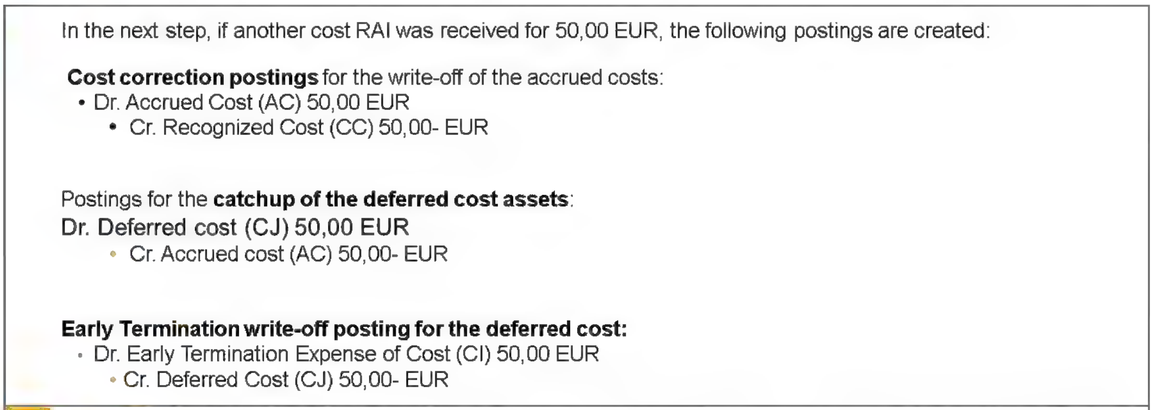
Postings for the **catchup of the deferred cost assets** is created as the amount in the actual cost RAI differs from the estimated cost amount stored on the POB (estimated costs 1.000,00 EUR ≠ actual costs 400,00 EUR, difference = 600,00 EUR):

- Dr. Accrued cost (AC) 600,00 EUR
    - Cr. Deferred cost (CJ) 600,00- EUR

Early termination write-off posting for the deferred cost:

- Dr. Deferred Cost (CJ) 600,00 EUR
- Cr. Early Termination Expense of Cost (CI) 600,00- EUR

Figure 161: Early Termination Expense of Acquisition CostsBusiness Example 2: Actual cost provided after early termination (2)



In the next step, if another cost RAI was received for 50,00 EUR, the following postings are created:

Cost correction postings for the write-off of the accrued costs:

- Dr. Accrued Cost (AC) 50,00 EUR
    - Cr. Recognized Cost (CC) 50,00- EUR

Postings for the **catchup of the deferred cost assets**:

Dr. Deferred cost (CJ) 50,00 EUR

- Cr. Accrued cost (AC) 50,00- EUR

Early Termination write-off posting for the deferred cost:

- Dr. Early Termination Expense of Cost (CI) 50,00 EUR
    - Cr. Deferred Cost (CJ) 50,00- EUR

Figure 162: Early Termination Expense of Acquisition CostsBusiness Example 2: actual cost provided after early termination (3)

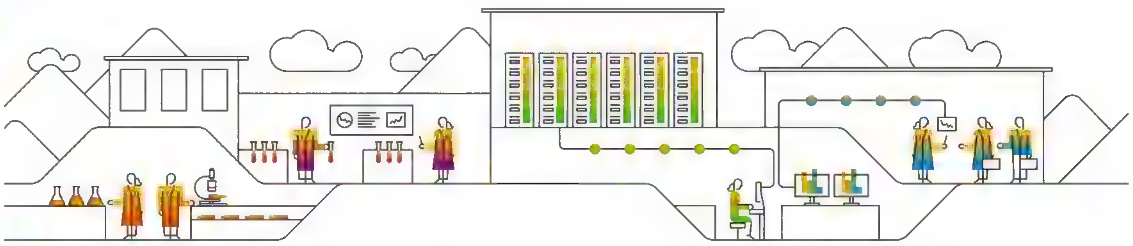
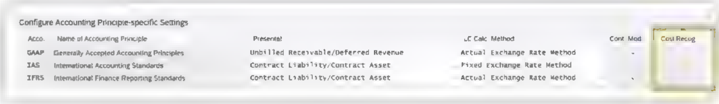


Figure 163: How to Configure

To process acquisition costs, **cost recognition must be activated** for each accounting principle by going to:

Revenue Accounting → *Revenue Accounting Contracts* → *Configure Accounting Principle-specific Settings* → then set the *Cost Recognition* flag



Configure Accounting Principle-specific Settings

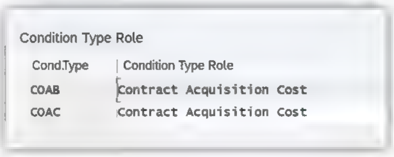
Acco.	Name of Accounting Principle	Presentat	LC Calc Method	Cont Mod	Cost Recog
GAAP	Generally Accepted Accounting Principles	Unbilled Receivable/Deferred Revenue	Actual Exchange Rate Method	-	
IAS	International Accounting Standards	Contract Liability/Contract Asset	Fixed Exchange Rate Method		
IFRS	International Finance Reporting Standards	Contract Liability/Contract Asset	Actual Exchange Rate Method	-	

If this flag is not set, no acquisition cost POBs will be created for the accounting principle. The acquisition cost information provided in an order or cost RAI is ignored.

Figure 164: How to Configure Activate Cost Recognition for Accounting Principles

You have defined the acquisition **cost condition type role** in *Customizing* by going to:

Revenue Accounting → *Revenue Accounting Contracts* → *Condition Types* → *Define Roles for Condition Types*.



Condition Type Role

Cond.Type	Condition Type Role
COAB	Contract Acquisition Cost
COAC	Contract Acquisition Cost

The acquisition cost condition must be defined with the condition type role set as *Contract Acquisition Cost*.

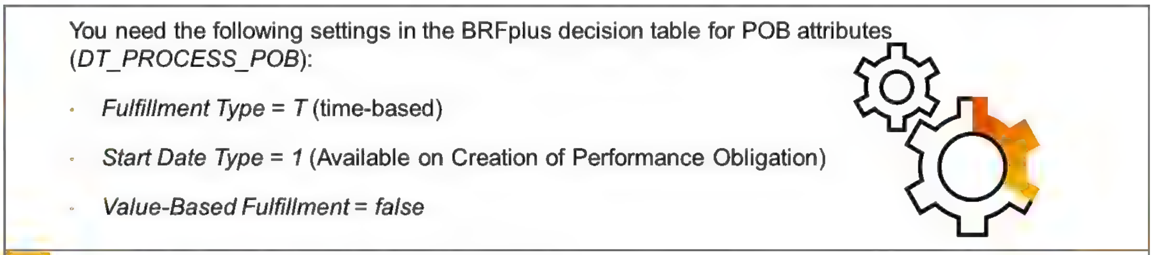
Figure 165: How to ConfigureTechnical Prerequisites

You have defined **account determination rules** for accrued, deferred, recognized costs and for early termination expense of costs in your BRFplus decision table for account determination.

Following accounts shall be configured:

- Recognized Cost
- Accrued Cost
- Deferred Cost
- Early Termination Expense of Cost

Figure 166: How to ConfigureTechnical Prerequisites



You need the following settings in the BRFplus decision table for POB attributes (*DT_PROCESS_POB*):

- *Fulfillment Type* = *T* (time-based)
- *Start Date Type* = *1* (Available on Creation of Performance Obligation)
- *Value-Based Fulfillment* = *false*

Figure 167: How to ConfigureTechnical Prerequisites

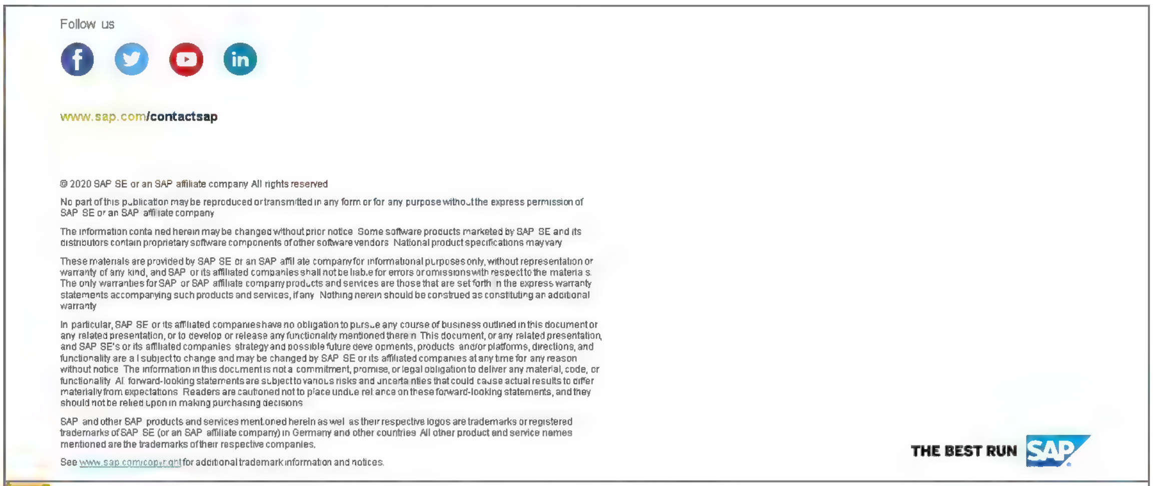


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Figure 168: Contract Acquisition Costs

Suspend Revenue and Cost Postings

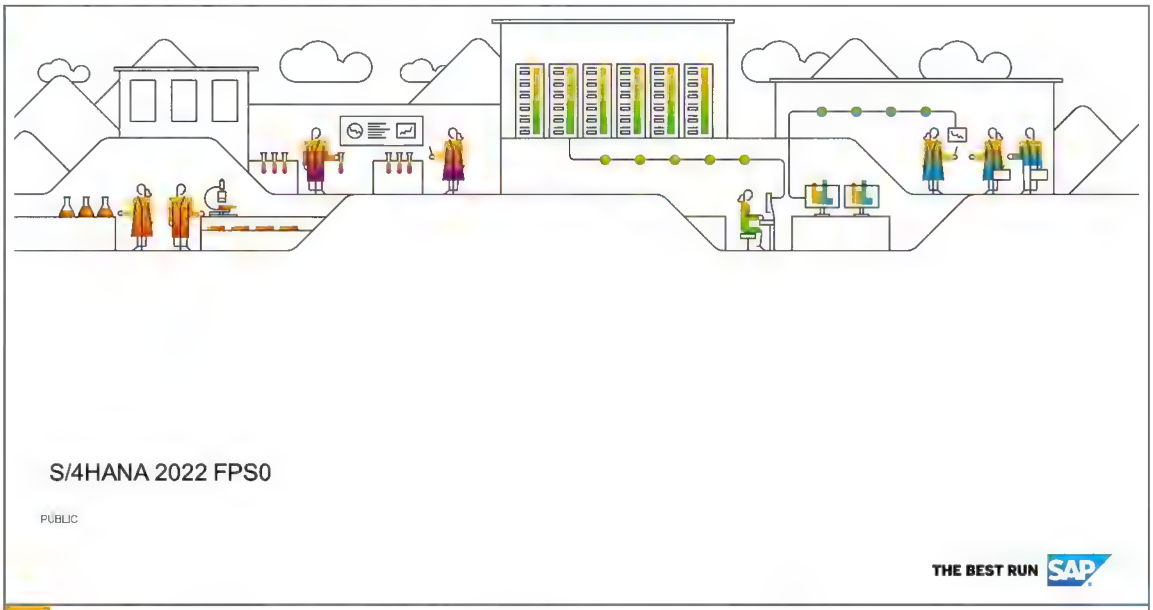

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Figure 169: Revenue Accounting and ReportingSuspend Revenue and Cost Posting

Solution Overview

Business Example

How to Use

Figure 170: Agenda

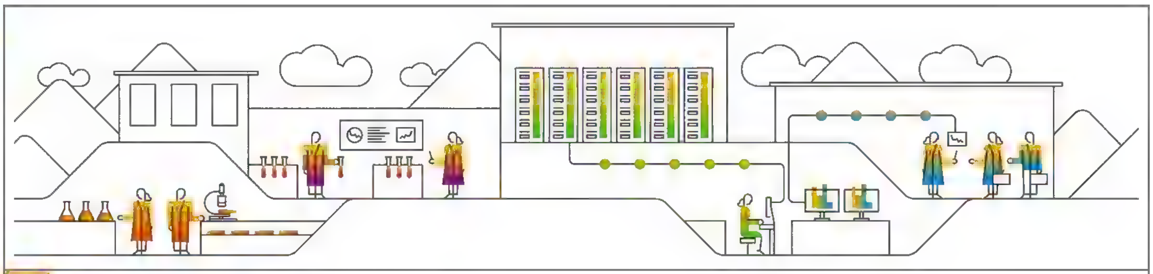


Figure 171: Solution Overview

Scope

- **Suspend Revenue and Cost Postings** for a single performance obligation
  - Both the aggregated posting mode and direct posting mode are supported
- **Unsuspend and repost** suspended revenue and cost posting
- **Manual suspension/unsuspension** can be triggered by a user in the **Manage Revenue Contracts** app
- **Automatic suspension of POBs** if a price allocation or a spreading conflict is triggered. Suspension is automatically removed if the conflict is resolved.

Benefits

- Avoid incorrect postings if there are issues with a POB or a conflict that needs to be resolved before a posting can be made.
- Simplified user-friendly processing if the POB postings need to be suspended.

Figure 172: Solution Overview: Suspend Revenue and Cost Posting

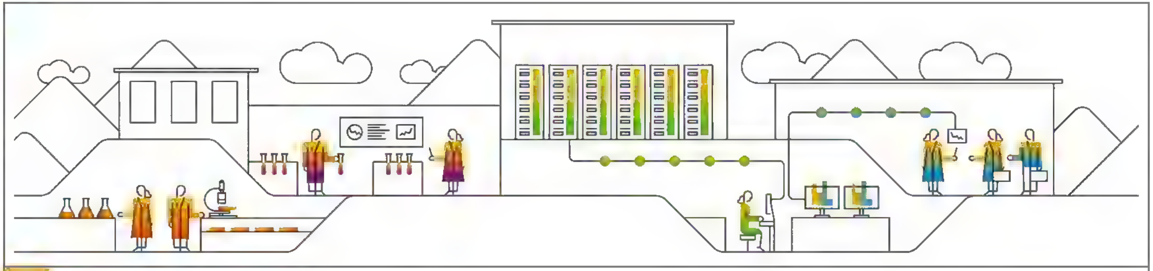
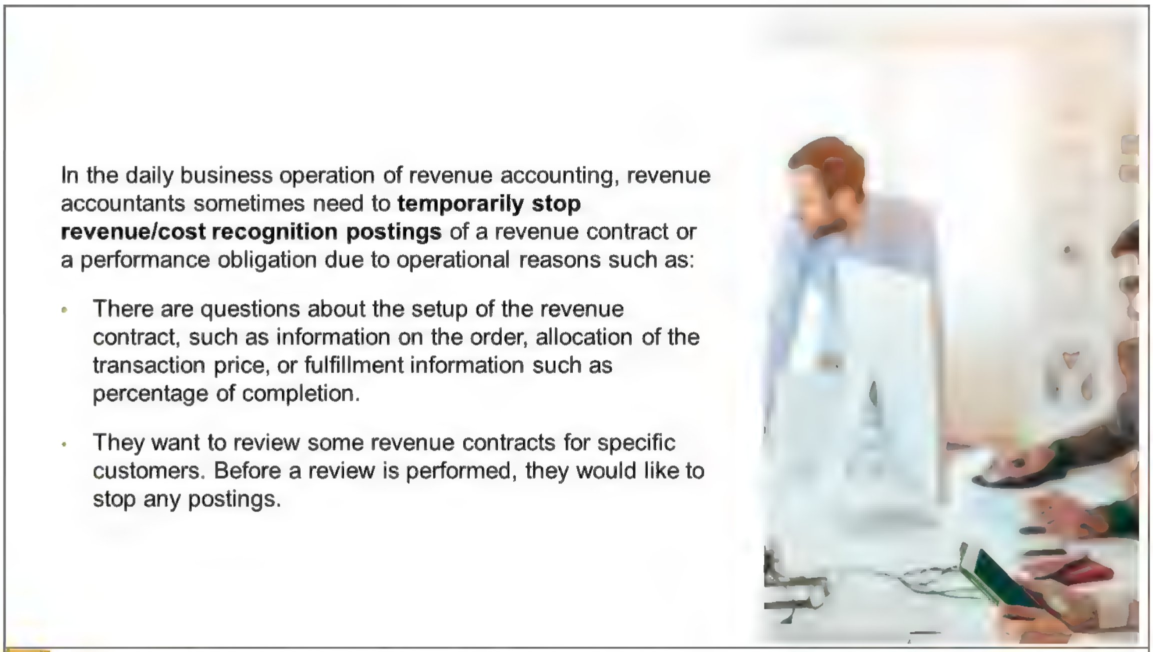


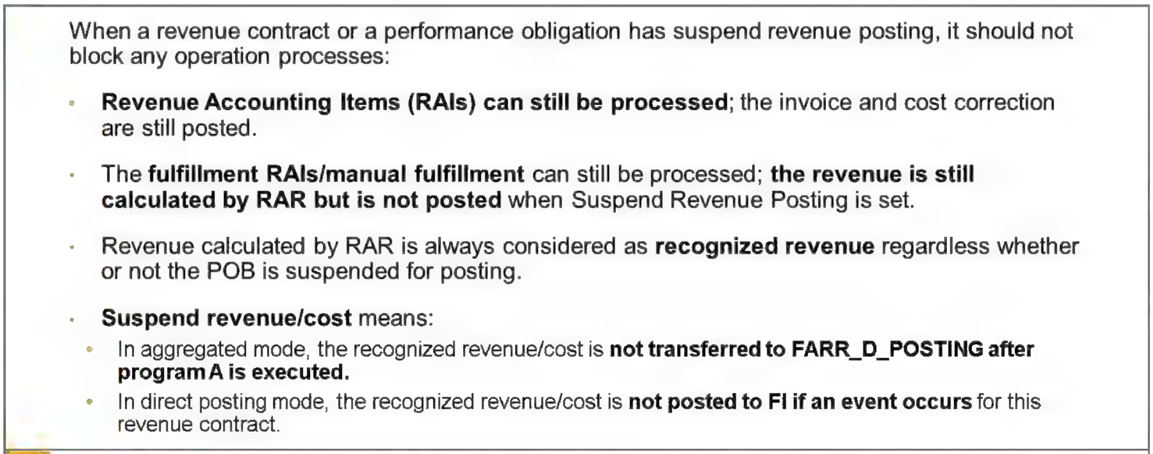
Figure 173: Business Example



In the daily business operation of revenue accounting, revenue accountants sometimes need to **temporarily stop revenue/cost recognition postings** of a revenue contract or a performance obligation due to operational reasons such as:

- There are questions about the setup of the revenue contract, such as information on the order, allocation of the transaction price, or fulfillment information such as percentage of completion.
- They want to review some revenue contracts for specific customers. Before a review is performed, they would like to stop any postings.

Figure 174: Business Example - Suspend Revenue Posting



When a revenue contract or a performance obligation has suspend revenue posting, it should not block any operation processes:

- **Revenue Accounting Items (RAIs) can still be processed**; the invoice and cost correction are still posted.
- The **fulfillment RAIs/manual fulfillment** can still be processed; **the revenue is still calculated by RAR but is not posted** when Suspend Revenue Posting is set.
- Revenue calculated by RAR is always considered as **recognized revenue** regardless whether or not the POB is suspended for posting.
- **Suspend revenue/cost** means:
  - In aggregated mode, the recognized revenue/cost is **not transferred to FARR_D_POSTING after program A is executed.**
  - In direct posting mode, the recognized revenue/cost is **not posted to FI if an event occurs** for this revenue contract.

Figure 175: Expected Behavior for Suspend Revenue Posting

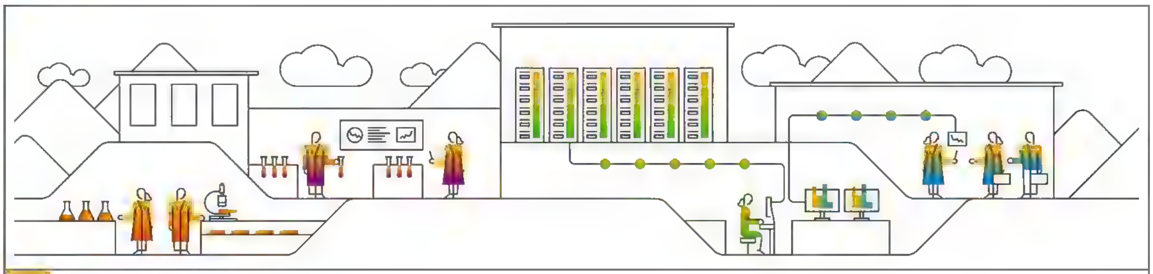
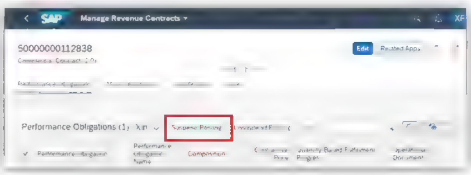


Figure 176: How to Use

- You can suspend postings of a performance obligation in the ‘Manage Revenue Contracts’ FIORI app.


SAP
Manage Revenue Contracts
50000000112838
Edit
Performance Obligations (1)
Suspend Posting

- When the POB is suspended:
  - Suspension Date indicates when the POB was suspended.
  - Suspension Reason indicates why the POB is suspended:
    - ‘Manual suspension’ indicates that the POB is manually suspended by the end user.
    - ‘Allocation conflict’ indicates that the POB is suspended due to a price allocation conflict.
    - ‘Spreading conflict’ indicates that the POB is suspended due to a manual spreading conflict.

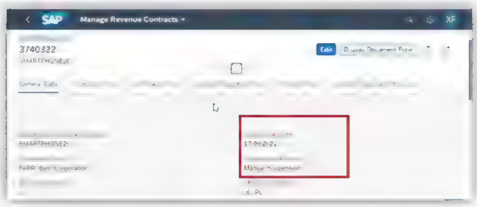

SAP
Manage Revenue Contracts
3740322
Edit

Figure 177: Suspend Posting

- When postings of a performance obligation are suspended and during this time a fulfillment occurs, the Recognized Revenue is still displayed as usual.
- The Suspended Revenue is displayed under a different timing, which depends on the posting mode:
  - For direct posting: it occurs at the earliest time for any event that occurs on this contract or the ‘Transfer Revenue’ execution.
  - For aggregated posting: it is when ‘Transfer Revenue’ is executed.

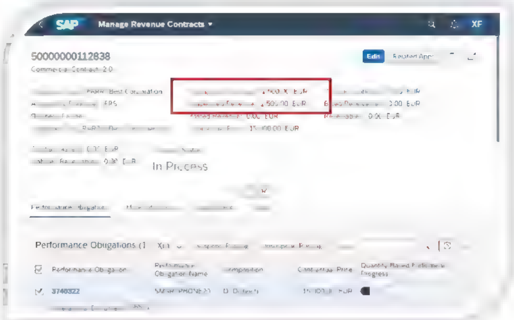

SAP
Manage Revenue Contracts
50000000112838
Edit
In Process
Performance Obligations (1)

Figure 178: Display Suspended Revenue

- You can unsuspend postings of a performance obligation in the ‘Manage Revenue Contracts’ FIOR app.
- When the POB is unsuspended, the previous suspended posting is posted in the current period. The exact timing of posting depends on the posting mode:
  - For direct posting: the suspended posting is posted once the POB is unsuspended.
  - For aggregated posting: the suspended posting is transferred to the RAR subledger when ‘Transfer Revenue’ is executed.

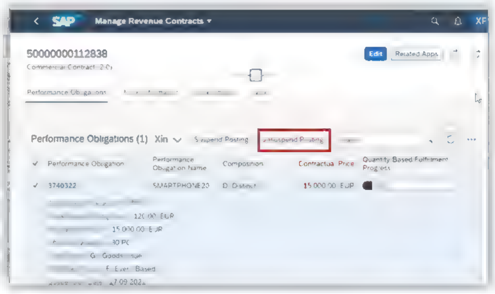

SAP
Manage Revenue Contracts
50000000112838
Edit
Related Apps
Performance Obligations (1)
Suspend Posting
Unsuspend Posting
Performance Obligation
Performance Obligation Name
Composition
Contractual Price
Quantity Based Fulfillment Progress
3740322
SMARTPHONE 20
15 000,00 EUR

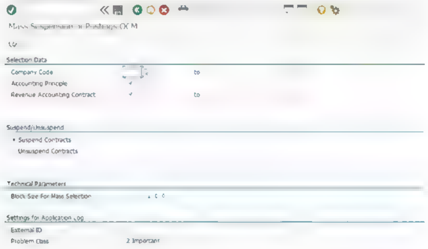
Figure 179: Unsuspend Revenue

- If suspension was triggered by the system due to price allocation or a manual spreading conflict, it cannot be removed manually. The postings will be unsuspended automatically, once the conflict is resolved.
- If postings of a POB were manually suspended before a conflict occurred, the system retains manual suspension after conflict resolution.
- If there are price allocation **and** spreading conflicts at the same time (and no manual suspension is in place), the suspension reason is set as **Allocation Conflict**. If the allocation conflict is resolved, the system will check whether there is still a spreading conflict and, if so (and providing there is no manual suspension), the suspension reason is then set to **Spreading Conflict**. The suspension is removed once the spreading conflict is resolved too.

Figure 180: Suspension due to a Conflict

Remark: currently only manual spreading and price allocation conflicts trigger suspension of conflicted POBs. Attribute conflict does not trigger any suspension.

- You can use the FARR_SUSPENSION report to collectively suspend or unsuspend all performance obligations for revenue contracts
- If a revenue contract is specified as suspended and some performance obligations from it are already suspended, these performance obligations remain suspended and other performance obligations become newly suspended.
- Similarly, if a revenue contract is specified as unsuspended and some performance obligations are already unsuspended, these performance obligations remain unsuspended and other suspended performance obligations become newly unsuspended.
- The report is executed in background mode.



Selection Data
Company Code to
Accounting Principle
Revenue Accounting Contract to
Suspend/Unsuspend
● Suspend Contracts
Unsuspend Contracts
Technical Parameters
Block Size For Mass Selection
Settings for Application Log
External ID
Problem Class 2 Important

Figure 181: Suspend Revenue Contract Collectively

Manual Spreading

S/4HANA 2022 FPS0

October 2022

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Figure 182: Revenue Accounting and ReportingManual Spreading

Solution Overview

Business Example

How to Use

How to Configure

Figure 183: Agenda

Figure 184: Solution Overview

Scope

- Manual change of recognizable revenue amounts for open fiscal periods using the Manual Spreading app.
- Spreadsheet download/upload to change recognizable revenue amounts for POBs with a long duration or contracts with a large number of POBs.
- Conflict handling for spreading conflicts.

Benefits

- Enhanced business functionality
- Capability to deal with manual spreading and conflict situations in a user-friendly way, using the SAP Fiori app “Manual Spreading”.

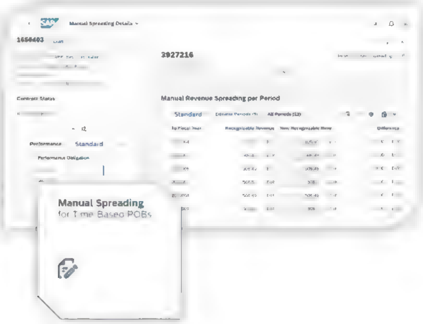

Manual Spreading Details
3927216
Manual Revenue Spreading per Period
Standard
Manual Spreading
for Time Based POBs

Figure 185: Solution Overview: Manual Spreading

Figure 186: Business Example

In some complex contracts, accountants need to review revenue amounts for open fiscal periods and adjust the recognizable revenue amounts manually.

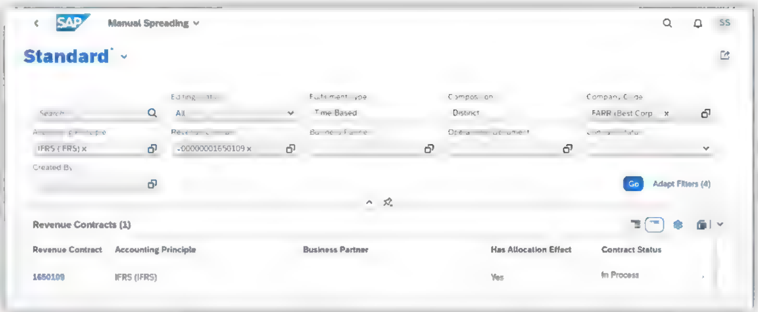
Using the Manual Spreading app, you can manually change recognizable revenue for multiple time-based performance obligation that belong to one contract.

These changes can be made directly on-screen. Alternatively, you can select POBs you would like to change, download the spreadsheet that contains all their relevant data, then make changes and upload the edited file. You can also reset the manually spread revenue amounts to the system default.

Figure 187: Business Example - Manual Spreading

Figure 188: How to Use

Start the **Manual Spreading for Time-Based POBs** app on the SAP Fiori launchpad to change recognizable revenue amounts in open fiscal periods. The first step is to find the contract that needs to be changed. You can search for a contract using various search criteria.



Editing Status: All

Fulfillment Type: Time Based

Composition: Distinct

Company Code: FARR (Best Corp

Accounting Principle: IFRS (IFRS)

Revenue Contract: -0000001650109

Business Partner:

Operational Document:

Contract Status:

Created By:

Revenue Contracts (1)

Revenue Contract	Accounting Principle	Business Partner	Has Allocation Effect	Contract Status
1650109	IFRS (IFRS)		Yes	In Process

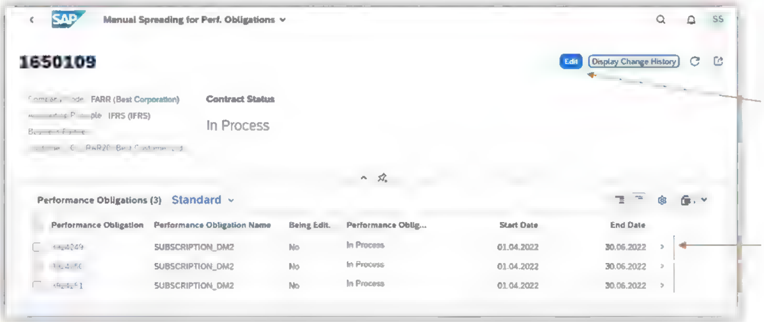
Figure 189: Search for a Contract in the Manual Spreading app

Manual spreading is usually possible for all **time-based** POBs. However, there are some exceptions. The following contracts and performance obligations cannot be processed in the Manual Spreading app; they are filtered out in the search results and in the POB overview table:

- Impaired contracts
- Contracts created with Classic Revenue Accounting
- Acquisition cost POBs
- POBs of a compound group
- POBs without a start date
- Soft deleted POBs
- Non-distinct POBs

Figure 190: Manual SpreadingContracts and Performance Obligations that can Processed

Select your contract from the search results list and navigate to the overview screen. Here you can see all time-based performance obligations (POBs) that belong to the contract.



1650109

FARR (Best Corporation)

IFRS (IFRS)

Contract Status

In Process

Performance Obligations (3)

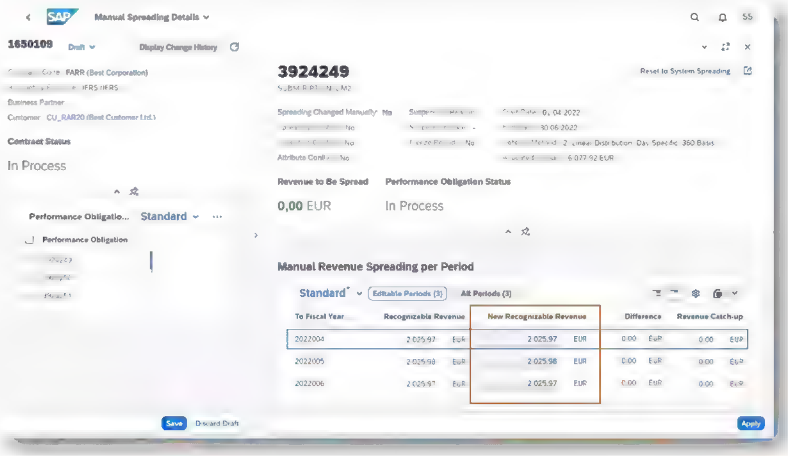
Performance Obligation	Performance Obligation Name	Being Edit.	Performance Oblig...	Start Date	End Date
[illegible]	SUBSCRIPTION_DM2	No	In Process	01.04.2022	30.06.2022
[illegible]	SUBSCRIPTION_DM2	No	In Process	01.04.2022	30.06.2022
[illegible]	SUBSCRIPTION_DM2	No	In Process	01.04.2022	30.06.2022

Click the Edit button to start edit mode.

Select the POB you want to edit (double click).

Figure 191: Navigate to the Overview ScreenStart Edit Mode

You can manually change Recognizable Revenue for open periods in the “New Recognizable Revenue” column.



1650109

FARR (Best Corporation)

IFRS (IFRS)

Business Partner

Customer: CU_RAR20 (Best Customer Ltd.)

Contract Status

In Process

Performance Obligatio...

Performance Obligation

3924249

Spreading Changed Manually: No

01.04.2022

30.06.2022

Freeze Period: No

2 Linear Distribution Day Specific 360 Basis

Attribute Conf...: No

6 077,92 EUR

Revenue to Be Spread

0,00 EUR

Performance Obligation Status

In Process

Manual Revenue Spreading per Period

To Fiscal Year	Recognizable Revenue		New Recognizable Revenue		Difference		Revenue Catch-up	
2022004	2 025,97	EUR	2 025,97	EUR	0,00	EUR	0,00	EUR
2022005	2 025,98	EUR	2 025,98	EUR	0,00	EUR	0,00	EUR
2022006	2 025,97	EUR	2 025,97	EUR	0,00	EUR	0,00	EUR

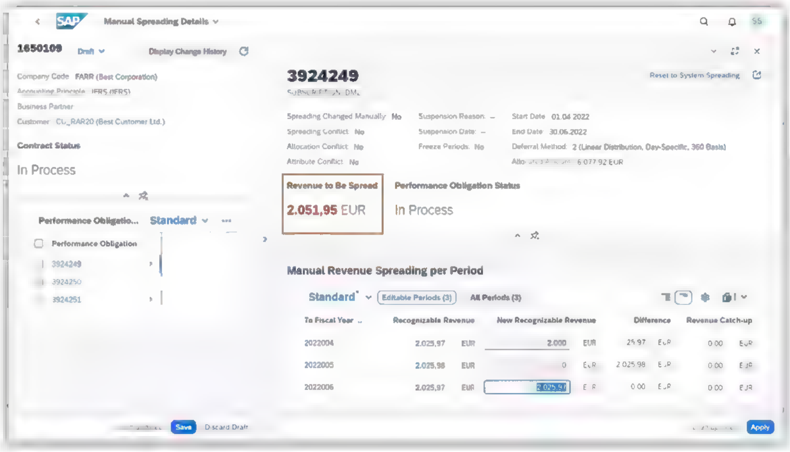
Figure 192: Change New Recognizable Revenue

All fiscal periods for the POB duration with corresponding Recognizable Revenue amounts are displayed in the Manual Revenue Spreading per Period table. Only open fiscal periods and, if there is a prospective split, open periods after the prospective split, are editable.

The New Recognizable Revenue column is prefilled with the current recognizable revenue amounts. You can change the new recognizable revenue amounts for the editable periods.

If you change the new recognizable amount in the New Recognizable Revenue column, the difference between the current and the new recognizable revenue is displayed in the Difference column.

The difference between the total amount for New Recognizable Revenue and the total amount of the current Recognizable Revenue is displayed as **Revenue to be Spread** in the header data.



Manual Spreading Details
1650109
Draft
Display Change History
Reset to System Spreading
Save
Discard Draft
Apply

Company Code FARR (Best Corporation)
Accounting Principle IFRS (IFRS)
Business Partner
Customer CU_RAR20 (Best Customer Ltd.)

Contract Status: In Process

Performance Obligation: 3924249, 3924250, 3924251

3924249

Spreading Changed Manually: No
Spreading Conflict: No
Allocation Conflict: No
Attribute Conflict: No
Suspension Reason: –
Suspension Date: –
Freeze Periods: No
Start Date: 01.04.2022
End Date: 30.06.2022
Deferral Method: 2 (Linear Distribution, Day-Specific, 360 Basis)
Allocated Amount: 6 077,92 EUR

Revenue to Be Spread: 2.051,95 EUR
Performance Obligation Status: In Process

Manual Revenue Spreading per Period

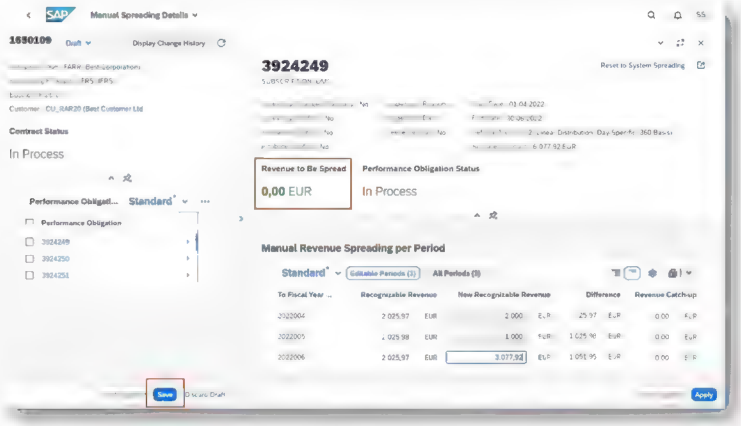
Standard · Editable Periods (3) · All Periods (3)

To Fiscal Year ...	Recognizable Revenue		New Recognizable Revenue		Difference		Revenue Catch-up	
2022004	2.025,97	EUR	2.000	EUR	25,97	EUR	0,00	EUR
2022005	2.025,98	EUR	0	EUR	2.025,98	EUR	0,00	EUR
2022006	2.025,97	EUR	2.025,97	EUR	0,00	EUR	0,00	EUR

Figure 193: Change New Recognizable Revenue -Check Remaining Amount in Revenue to Be Spread

The new recognizable revenue amounts can only be saved if the value in the **Revenue to be Spread** field is **zero**.

However, you can save your changes as a draft and resume processing later.



Manual Spreading Details
1650109
Draft
Display Change History
Reset to System Spreading
Save
Discard Draft
Apply

Customer CU_RAR20 (Best Customer Ltd)

Contract Status: In Process

3924249

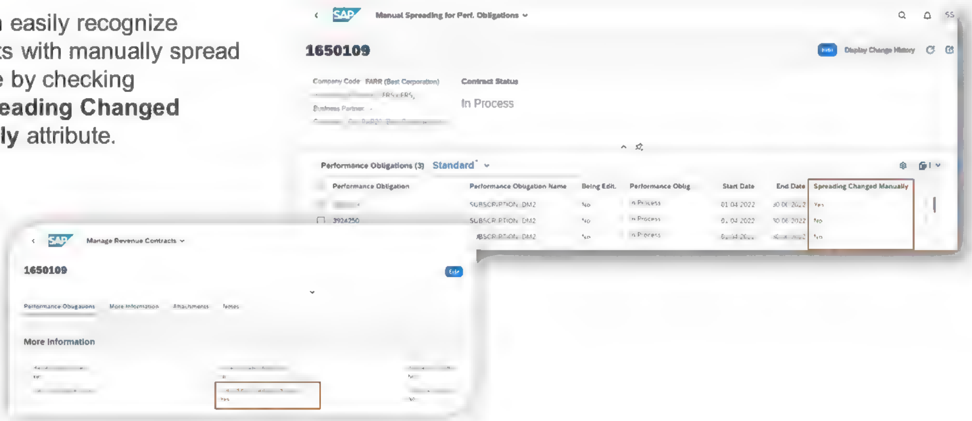
Revenue to Be Spread: 0,00 EUR
Performance Obligation Status: In Process

Manual Revenue Spreading per Period

To Fiscal Year ...	Recognizable Revenue		New Recognizable Revenue		Difference		Revenue Catch-up	
2022004	2.025,97	EUR	2.000	EUR	25,97	EUR	0,00	EUR
2022005	2.025,98	EUR	1.000	EUR	1.025,98	EUR	0,00	EUR
2022006	2.025,97	EUR	3.077,92	EUR	1.051,95	EUR	0,00	EUR

Figure 194: Save New Recognizable Revenue Amounts

You can easily recognize contracts with manually spread revenue by checking the **Spreading Changed Manually** attribute.



Manual Spreading for Perf. Obligations
Edit
Display Change History
Manage Revenue Contracts
Performance Obligations
More Information
Attachments
Notes

1650109

Company Code FARR (Best Corporation)
Contract Status: In Process

Performance Obligations (3) Standard

Performance Obligation	Performance Obligation Name	Being Edit.	Performance Oblig	Start Date	End Date	Spreading Changed Manually
[illegible]	SUBSCRIPTION_DM2	No	In Process	01.04.2022	30.06.2022	Yes
3924250	SUBSCRIPTION_DM2	No	In Process	01.04.2022	30.06.2022	No
[illegible]	SUBSCRIPTION_DM2	No	In Process	[illegible]	[illegible]	No

1650109

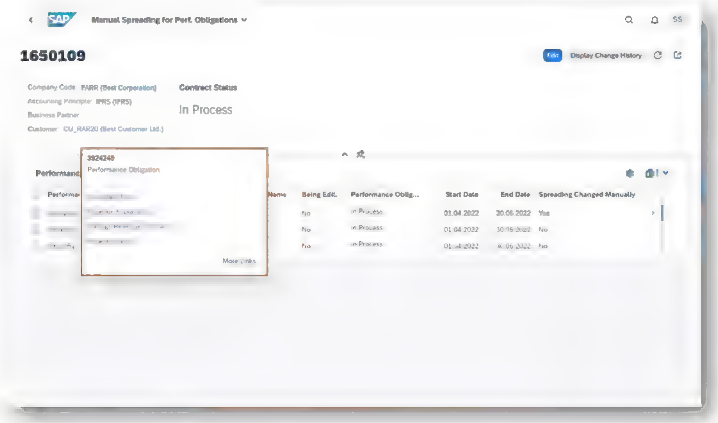
More Information

Figure 195: Recognize POBs with Manual Spreading

This attribute is displayed for each POB:

- in the POB table of the Manual Spreading app
- in the More Information section of the overview page in the Manage Revenue Contracts app
- in the POB details of the Manage Revenue Contracts app.

You can easily navigate to the Manage Revenue Contract, Document Flow, and Revenue Explanation apps using smart links in the POB overview.



1650109

Company Code: FARR (Best Corporation)
Accounting Principle: IFRS (IFRS)
Business Partner
Customer: CU_RAR20 (Best Customer Ltd.)

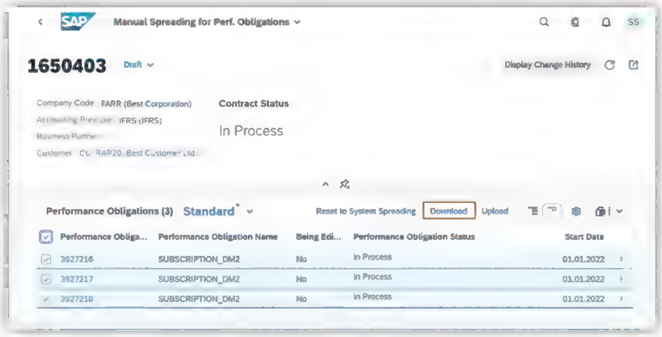
Contract Status
In Process

3924248
Performance Obligation

Being Edit.	Performance Oblig...	Start Date	End Date	Spreading Changed Manually
No	In Process	01.04.2022	30.06.2022	Yes
No	In Process	01.04.2022	30.06.2022	No
No	In Process	01.04.2022	30.06.2022	No

Figure 196: Navigation from Manual Spreading app to Other Apps

For contracts with many POBs, it is often easier to use the file download and upload feature to edit a new recognizable amount. Using this feature, you can download the POB list as a spreadsheet, change the data in a local file, and then upload it afterwards.


Manual Spreading for Perf. Obligations
Draft
Display Change History
Standard
Reset to System Spreading
Download
Upload

1650403

Company Code: FARR (Best Corporation)
Accounting Principle: IFRS (IFRS)
Business Partner
Customer: CU_RAR20 (Best Customer Ltd.)

Contract Status
In Process

Performance Obligations (3)

Performance Obliga...	Performance Obligation Name	Being Edi...	Performance Obligation Status	Start Date
3927216	SUBSCRIPTION_DM2	No	In Process	01.01.2022
3927217	SUBSCRIPTION_DM2	No	In Process	01.01.2022
3927218	SUBSCRIPTION_DM2	No	In Process	01.01.2022

Figure 197: Manual Spreading Using File Download/Upload

After the upload, the uploaded new recognizable amounts are visible in the New Recognizable Revenue column. You can check and adjust them on-screen, if necessary.

The downloaded spreadsheet has the same structure as the *Manual Revenue Spreading per Period* table in the UI.

Only the fields of the editable periods are open; all other fields are display-only.

After editing, you just need to save the changes locally and upload the file into the app.

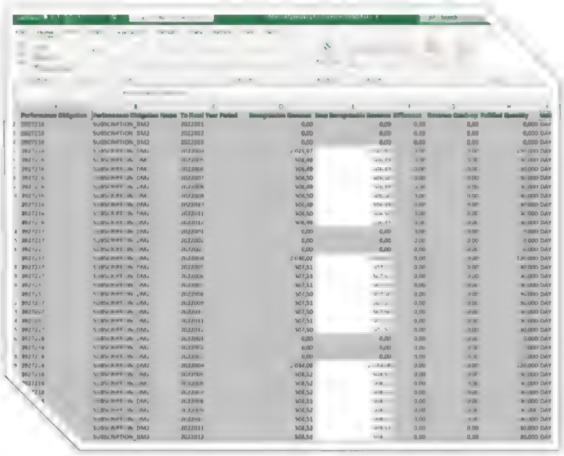
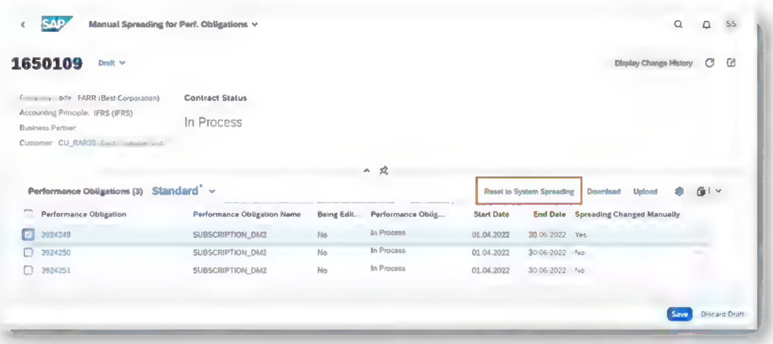


Figure 198: Manual Spreading Using File Download/Upload

If the recognizable revenue has been changed manually, but instead you want to use the recognizable revenue amounts determined by the system, you can **reset** the POB values to the values determined by the system (system spreading).



1650109 Draft

ode FARR (Best Corporation)
Accounting Principle: IFRS (IFRS)
Business Partner
Customer: CU_RAR20

Contract Status
In Process

Performance Obligations (3) Standard*

Reset to System Spreading

	Performance Obligation	Performance Obligation Name	Being Edit...	Performance Oblig...	Start Date	End Date	Spreading Changed Manually
☑	3924249	SUBSCRIPTION_DM2	No	In Process	01.04.2022	30.06.2022	Yes
☐	3924250	SUBSCRIPTION_DM2	No	In Process	01.04.2022	30.06.2022	No
☐	3924251	SUBSCRIPTION_DM2	No	In Process	01.04.2022	30.06.2022	No

Figure 199: Reset to System Spreading

To do so, start edit mode, select the POB you would like to update and then choose Reset to System Spreading. The system then calculates the recognizable revenue amounts and displays them in the New Recognizable Revenue column. After you have saved, the recognizable revenue amounts determined by the system are stored. The Spreading Changed Manually attribute is no longer set (this indicates that no manual spreading has occurred).

A spreading conflict occurs when a change relevant for revenue spreading has been made to a contract with manual spreading.

If a spreading conflict is triggered:

- The system updates the contract and POBs as if **no manual spreading** has occurred; the recognizable revenue amounts entered manually are overwritten with new recognizable revenue amounts determined by the system.
- The **Spreading Changed Manually** attribute is no longer set.
- For the duration of the spreading conflict, revenue and cost recognition postings are suspended for all POBs with a spreading conflict; the suspension reason is set to **Spreading Conflict**.

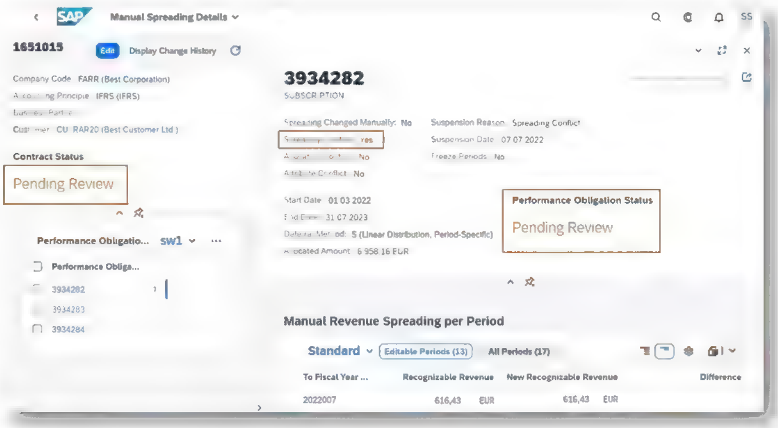
Figure 200: Conflict Handling

The conflict can arise if:

- The allocation amount has been changed for a POB with manual spreading.
- The POB duration has been changed, causing a POB start and/or end date to move to a fiscal period that is different from before.

Each time any of the above mentioned events occur, a spreading conflict is triggered.

You can easily recognize whether a conflict exists for a contract by looking at the **Contract Status** in the **Manage Revenue Contracts** or **Manual Spreading** apps.



1651015

Company Code FARR (Best Corporation)

Accounting Principle IFRS (IFRS)

Customer CU RAR20 (Best Customer Ltd)

Contract Status

Pending Review

3934282

SUBSCRIPTION

Spreading Changed Manually: No

Yes

No

Attribute Conflict No

Suspension Reason Spreading Conflict

Suspension Date 07 07 2022

Freeze Periods No

Start Date 01 03 2022

End Date 31 07 2023

Deferral Method 5 (Linear Distribution, Period-Specific)

Allocated Amount 6 958 16 EUR

Performance Obligation Status

Pending Review

Manual Revenue Spreading per Period

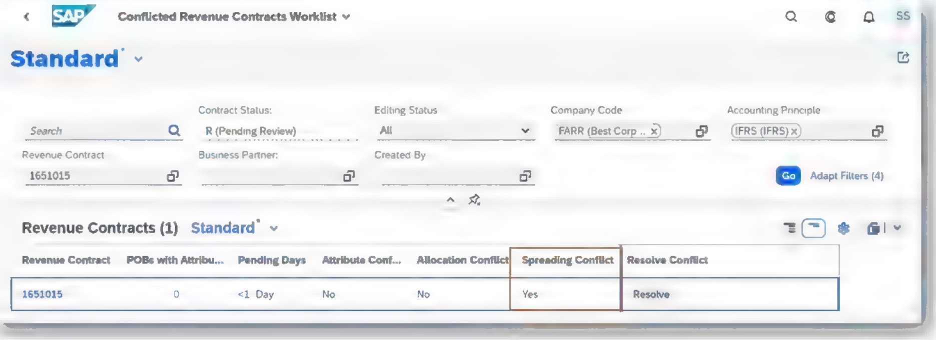
To Fiscal Year ...	Recognizable Revenue		New Recognizable Revenue		Difference
2022007	616,43	EUR	616,43	EUR	

Figure 201: Display Contract with Spreading Conflict in the Manual Spreading app

To indicate that there is a conflict:

- The Contract Status changes to Pending Review.
- The Spreading Conflict attribute is set for the contract and the affected POBs.

In addition, you can find your contract with conflicts in the **Conflicted Revenue Contracts Worklist** app. Information about the type of conflict (here: spreading conflict) is displayed in this app. If you click the **Resolve Conflict** button, the system will navigate you to the Manual Spreading app.



Contract Status: R (Pending Review)

Editing Status All

Company Code FARR (Best Corp ..

Accounting Principle IFRS (IFRS)

Revenue Contract 1651015

Business Partner:

Created By

Revenue Contracts (1)

Revenue Contract	POBs with Attribu...	Pending Days	Attribute Conf...	Allocation Conflict	Spreading Conflict	Resolve Conflict
1651015	0	<1 Day	No	No	Yes	Resolve

Figure 202: Conflicted Revenue Contracts Worklist

As long as a conflict exists for a contract (the contract status is **Pending Review**), no manual activity can be performed for this contract:

Manage Revenue Contracts app:

- Editing is not enabled – the **Edit** button is hidden.
- The **Suspend Postings** and **Unsuspend Postings** buttons are disabled.

Combine Contracts app:

- It is not possible to combine contracts.
- It is not possible to reassign POBs.
- It is not possible to split contracts.

Price Allocation app:

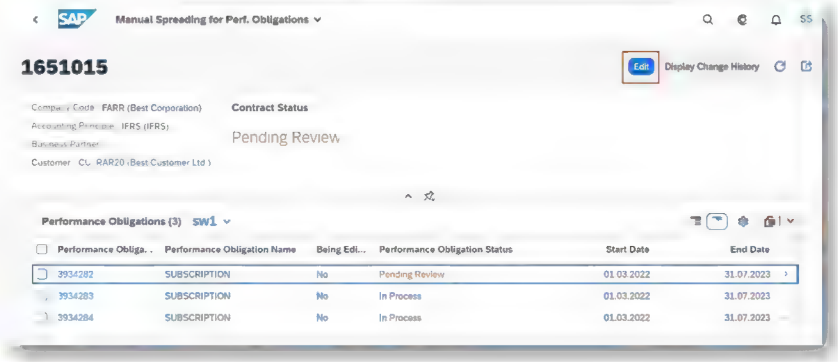
- Editing is not enabled; the **Edit** button is hidden.

Figure 203: Restricted Manual Processing of Conflicted Contracts

If there is also an attribute or allocation conflict, those conflicts need to be resolved first before the spreading conflict can be resolved.

If an attribute or allocation conflict exists, editing is not possible in the Manual Spreading app (the Edit button is hidden).

To resolve the spreading conflict, you can start the **Manual Spreading** app, then choose **Edit** and select the POB with the spreading conflict.



1651015

Company Code: FARR (Best Corporation)
Accounting Principle: IFRS (IFRS)
Business Partner
Customer: CU_RAR20 (Best Customer Ltd.)

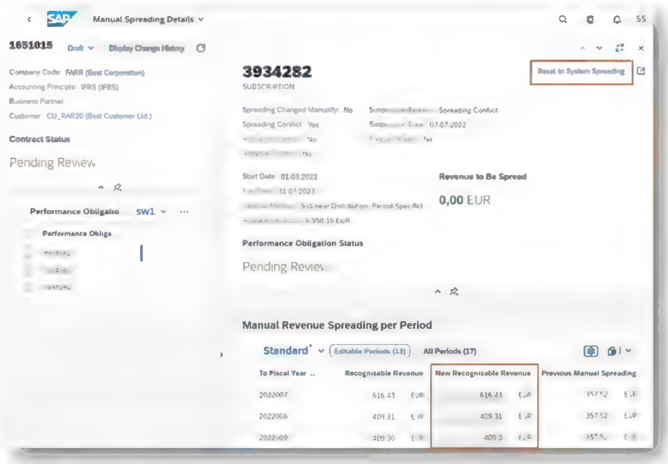
Contract Status: Pending Review

Performance Obligations (3) sw1

Performance Obliga...	Performance Obligation Name	Being Edi...	Performance Obligation Status	Start Date	End Date
3934282	SUBSCRIPTION	No	Pending Review	01.03.2022	31.07.2023
3934283	SUBSCRIPTION	No	In Process	01.03.2022	31.07.2023
3934284	SUBSCRIPTION	No	In Process	01.03.2022	31.07.2023

Figure 204: Resolve Spreading Conflict

- If you want to keep the system values, choose **Reset to System Spreading** and then click **Save**.
- If you want to adjust the revenue manually, you can overwrite the new recognizable revenue amounts and then click **Save**.



1651015

Company Code: FARR (Best Corporation)
Accounting Principle: IFRS (IFRS)
Business Partner
Customer: CU_RAR20 (Best Customer Ltd.)

Contract Status: Pending Review

3934282
SUBSCRIPTION

Spreading Changed Manually: No
Spreading Conflict: Yes
Start Date: 01.03.2022
31.07.2023
Spreading Conflict
07.07.2022

Revenue to Be Spread: 0,00 EUR

Performance Obligation Status: Pending Review

Manual Revenue Spreading per Period

To Fiscal Year ...	Recognizable Revenue		New Recognizable Revenue		Previous Manual Spreading	
2022007	616,43	EUR	616,43	EUR	357,52	EUR
2022008	409,31	EUR	409,31	EUR	357,52	EUR
2022009	409,30	EUR	409,3	EUR	357,5	EUR

Figure 205: Resolve Spreading ConflictReset to System Spreading or Adjust New Recognizable Revenue

The amounts of the previous manual spreading (before the conflict) are displayed in the Previous Manual Spreading column in the Manual Spreading Per Period table.

If the conflict is resolved (either with the Reset to System Spreading function or with the Manual Spreading app), after you have saved your changes, the contract and the POB status are set to In Process again. After the spreading conflict has been resolved, postings will be unsuspended for all POBs with the suspension reason set to Spreading Conflict.

Note

If system values need to be kept for multiple POBs, you can select different POBs in the POB table, then choose Reset to System Spreading and click Save. The spreading conflict will be resolved for all selected POBs; the values determined by the system will be kept.

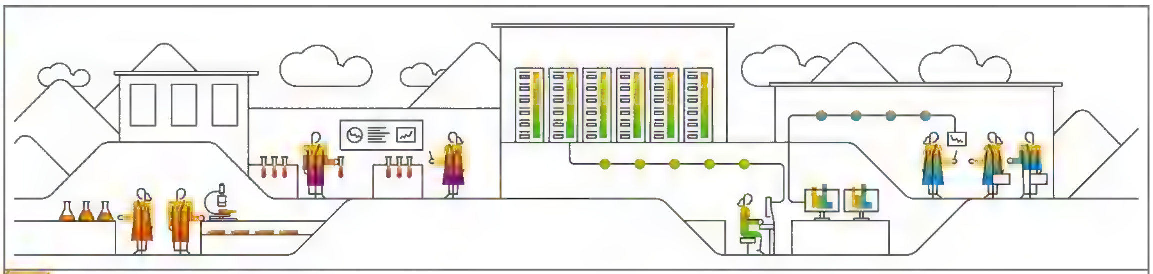


Figure 206: How to Configure

There is no specific configuration required to enable manual spreading. All time-based POBs with open fiscal periods that meet the criteria for manual spreading can be edited in the Manual Spreading app.

Figure 207: How to ConfigureTechnical Prerequisites

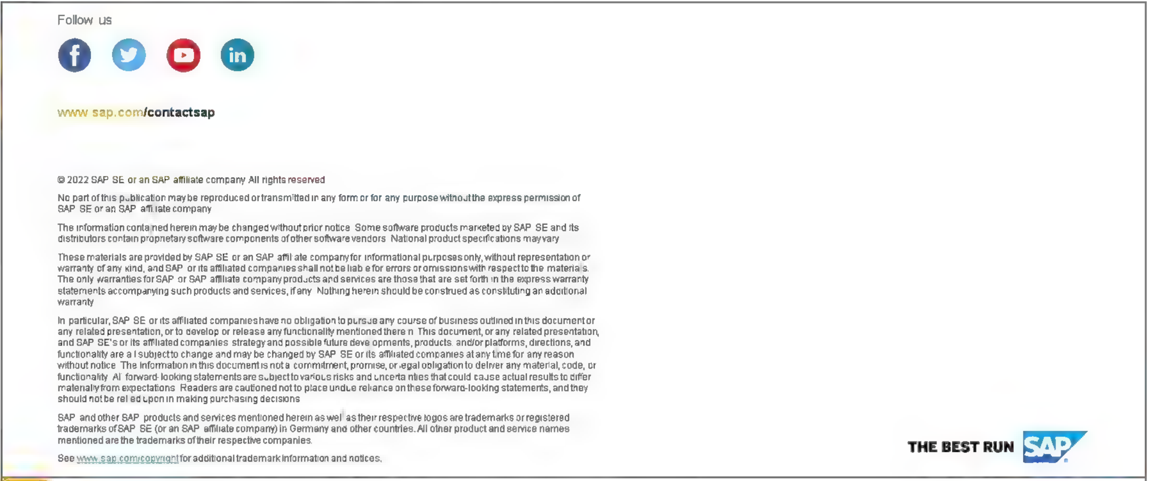


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Figure 208: Manual Spreading

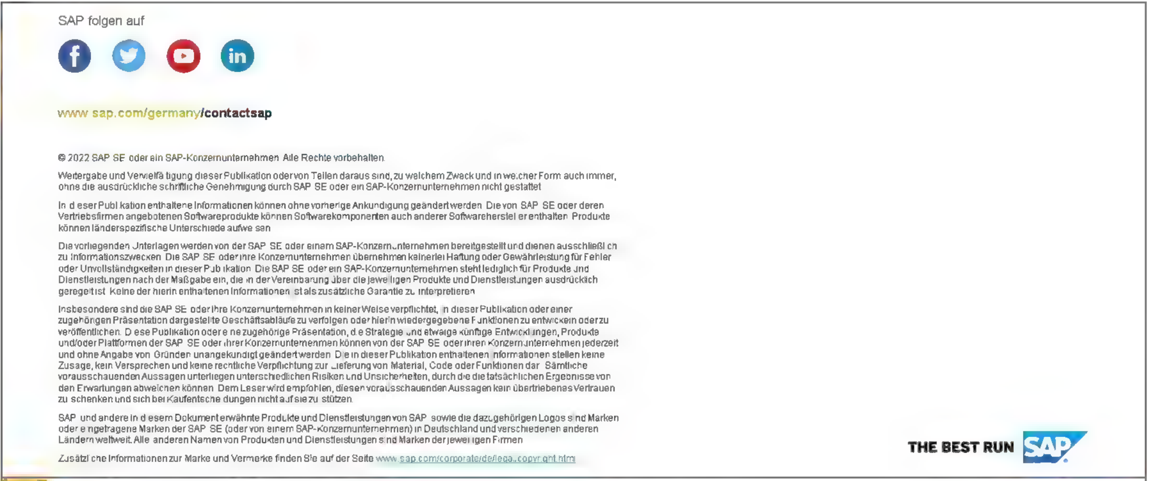

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Figure 209: Manual Spreading

Shortened Fiscal Year

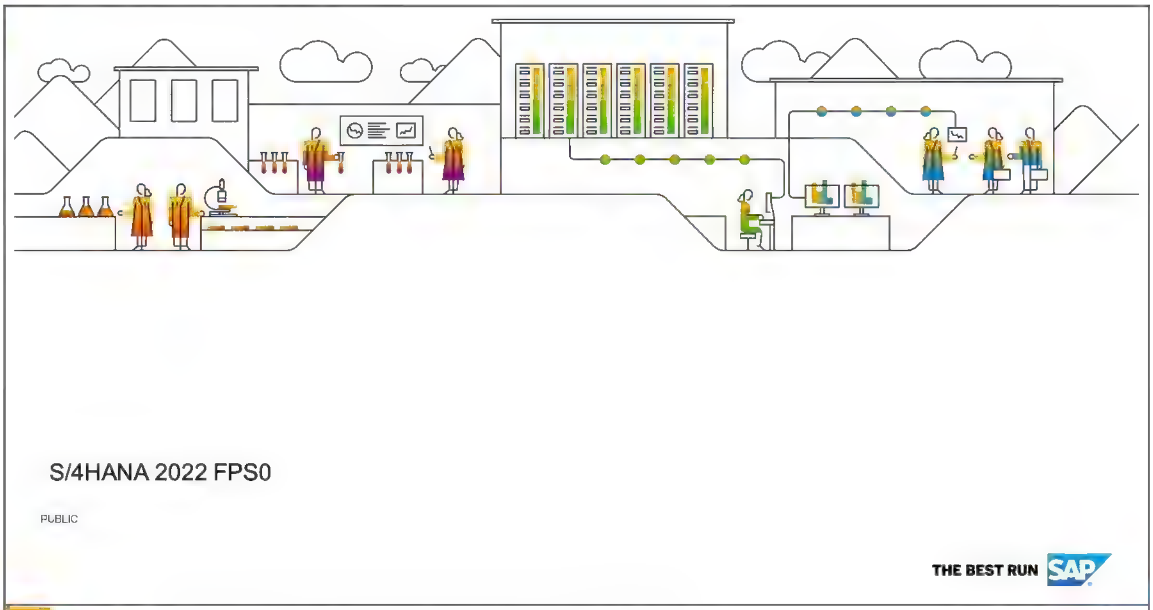

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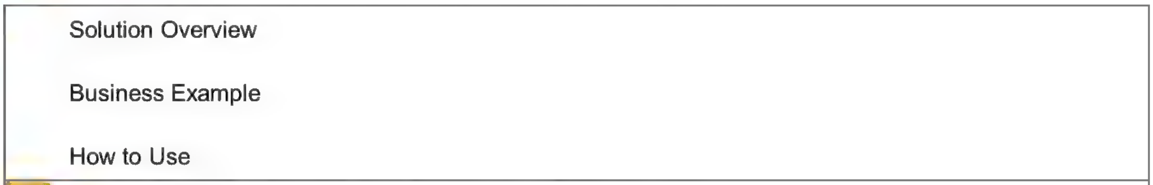
Figure 210: Revenue Accounting and ReportingShortened Fiscal Year



Solution Overview

Business Example

How to Use

Figure 211: Agenda

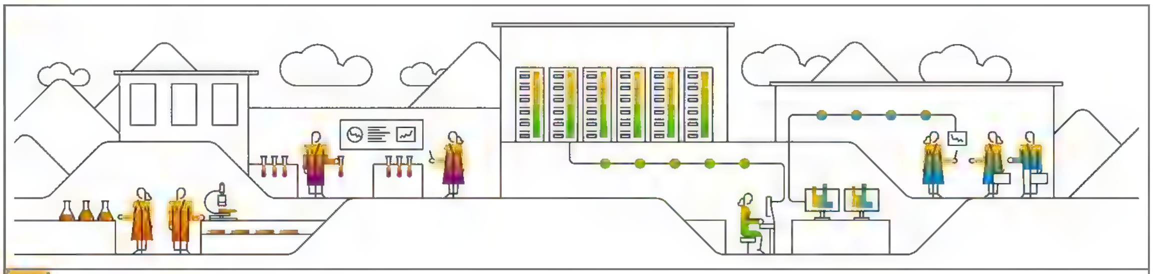
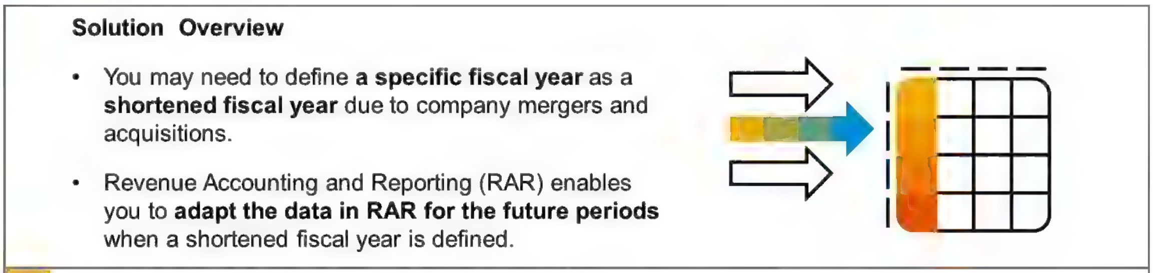


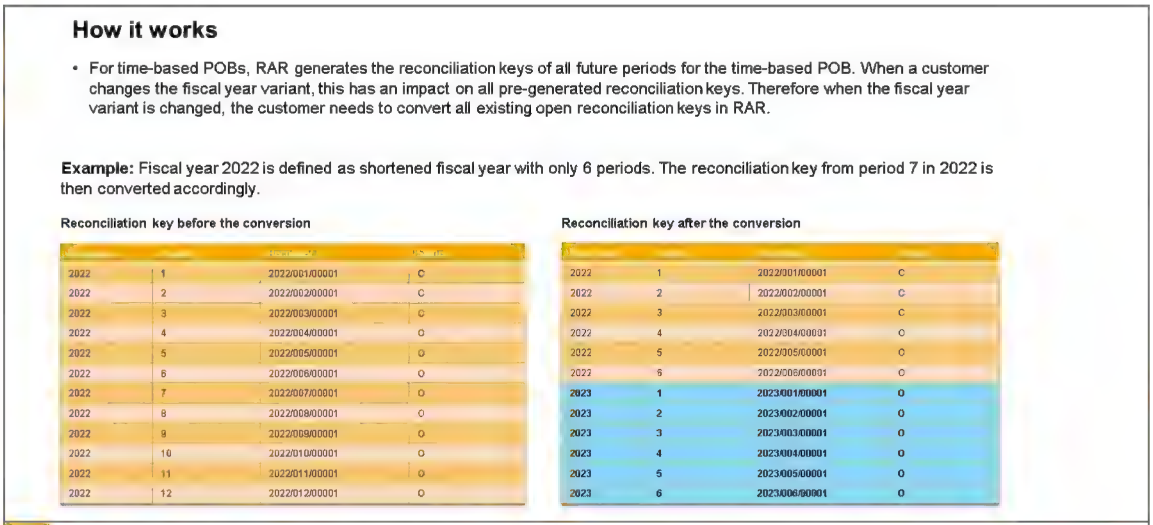
Figure 212: Solution Overview



Solution Overview

- You may need to define **a specific fiscal year** as a **shortened fiscal year** due to company mergers and acquisitions.
- Revenue Accounting and Reporting (RAR) enables you to **adapt the data in RAR for the future periods** when a shortened fiscal year is defined.

Figure 213: Solution Overview: Shortened Fiscal Year



How it works

- For time-based POBs, RAR generates the reconciliation keys of all future periods for the time-based POB. When a customer changes the fiscal year variant, this has an impact on all pre-generated reconciliation keys. Therefore when the fiscal year variant is changed, the customer needs to convert all existing open reconciliation keys in RAR.

Example: Fiscal year 2022 is defined as shortened fiscal year with only 6 periods. The reconciliation key from period 7 in 2022 is then converted accordingly.

Reconciliation key before the conversion

2022	1	2022/001/00001	C
2022	2	2022/002/00001	C
2022	3	2022/003/00001	C
2022	4	2022/004/00001	O
2022	5	2022/005/00001	O
2022	6	2022/006/00001	O
2022	7	2022/007/00001	O
2022	8	2022/008/00001	O
2022	9	2022/009/00001	O
2022	10	2022/010/00001	O
2022	11	2022/011/00001	O
2022	12	2022/012/00001	O

Reconciliation key after the conversion

2022	1	2022/001/00001	C
2022	2	2022/002/00001	C
2022	3	2022/003/00001	C
2022	4	2022/004/00001	O
2022	5	2022/005/00001	O
2022	6	2022/006/00001	O
2023	1	2023/001/00001	O
2023	2	2023/002/00001	O
2023	3	2023/003/00001	O
2023	4	2023/004/00001	O
2023	5	2023/005/00001	O
2023	6	2023/006/00001	O

Figure 214: Solution Overview: Shortened Fiscal Year

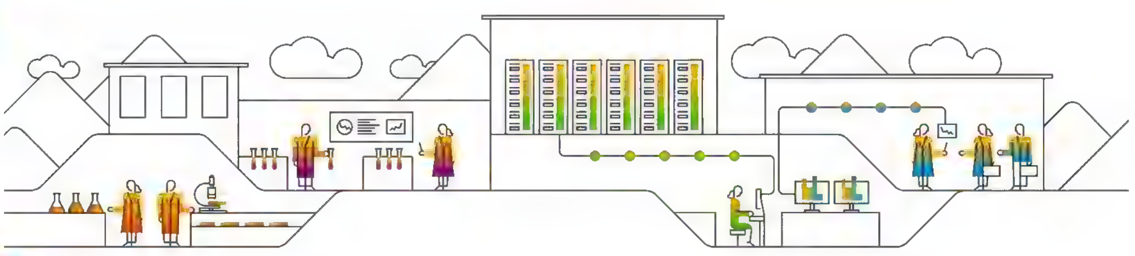
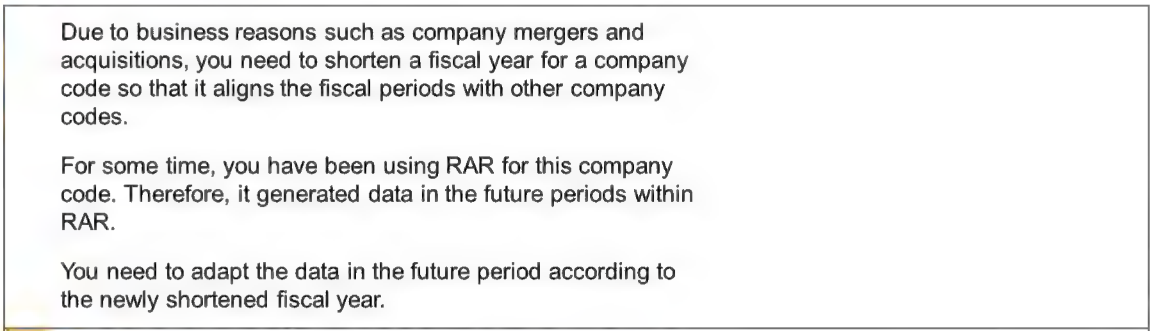


Figure 215: Business Example



Due to business reasons such as company mergers and acquisitions, you need to shorten a fiscal year for a company code so that it aligns the fiscal periods with other company codes.

For some time, you have been using RAR for this company code. Therefore, it generated data in the future periods within RAR.

You need to adapt the data in the future period according to the newly shortened fiscal year.

Figure 216: Business Example - Shortened Fiscal Year

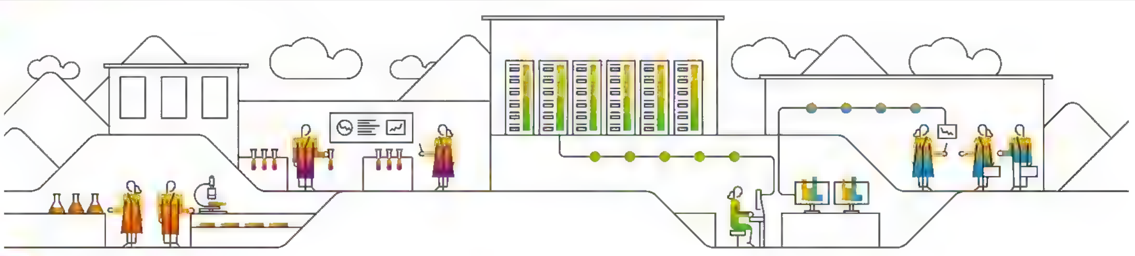
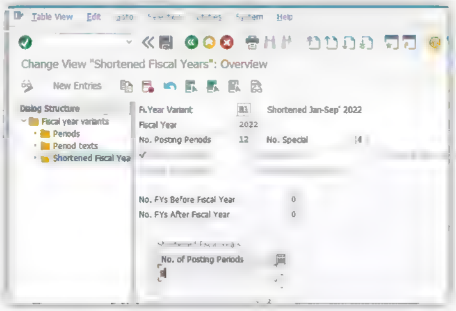


Figure 217: How to Use

- You first have to define your shortened fiscal year in the customizing *Financial Accounting → Financial Accounting Global Settings → Ledgers → Fiscal Year and Posting Periods → Fiscal Year and Posting Periods*.
- The company code has to be assigned to the fiscal year variant too under *Assign Company Code to a Fiscal Year Variant*.

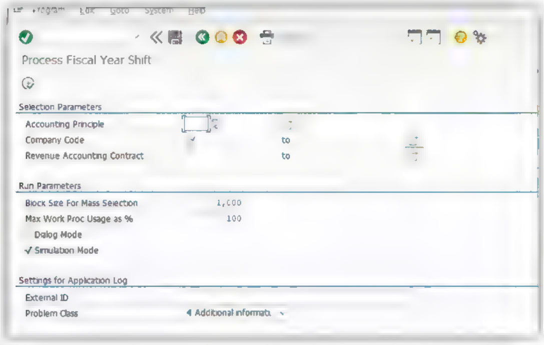


Change View "Shortened Fiscal Years": Overview

Fi.Year Variant: B1 Shortened Jan-Sep' 2022
Fiscal Year: 2022
No. Posting Periods: 12 No. Special: 4
No. FYs Before Fiscal Year: 0
No. FYs After Fiscal Year: 0
No. of Posting Periods

Figure 218: Define Shortened Fiscal Year

- Execute the report FARR_FISCAL_YEAR_SHIFT
  The report converts the already generated reconciliation keys according the shifted period in fiscal year variant definition.



Process Fiscal Year Shift

Selection Parameters
Accounting Principle
Company Code to
Revenue Accounting Contract to

Run Parameters
Block Size For Mass Selection 1,000
Max Work Proc Usage as % 100
Dialog Mode
✓ Simulation Mode

Settings for Application Log
External ID
Problem Class: Additional informati.

Figure 219: Execute Report to Adapt the Data in RAR

- The current open period in Revenue Accounting must be earlier than the earliest fiscal year and period that needs to be shifted.

  For example, fiscal year 2023 is shortened. 2023/07 is the fiscal year and period which starts to be shifted. From now on, RAR open periods cannot be later than 2023/07.

- There cannot be any non-open reconciliation key in the next fiscal year that comes after the shortened fiscal year.

  For example: fiscal year 2023 is shortened. The shifted period starts from 2023/07. Then there must not be any non-open reconciliation key in the periods later than 2023/07.

Figure 220: Validations during Data Adaption

Detect suspended perform Obligations

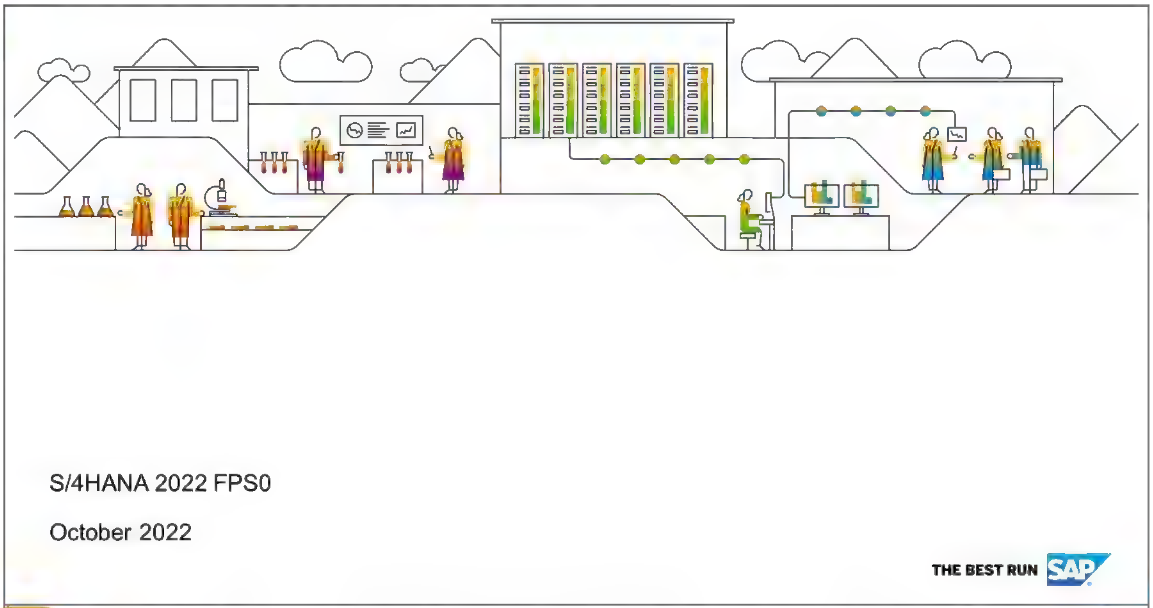


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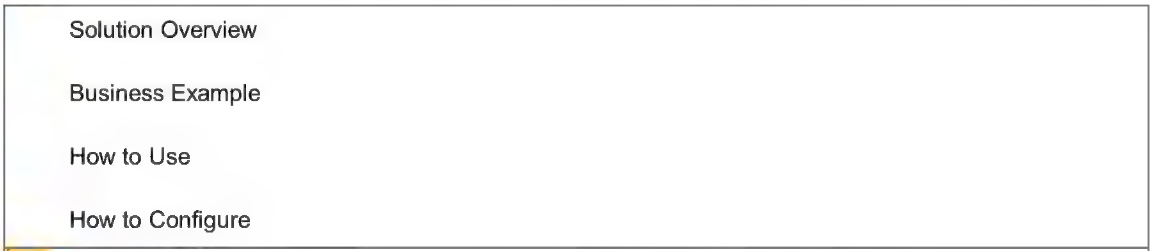
Figure 221: Revenue Accounting and ReportingDetect Suspended Performance Obligations in SAP Financial Compliance Management



Solution Overview

Business Example

How to Use

How to Configure

Figure 222: Agenda

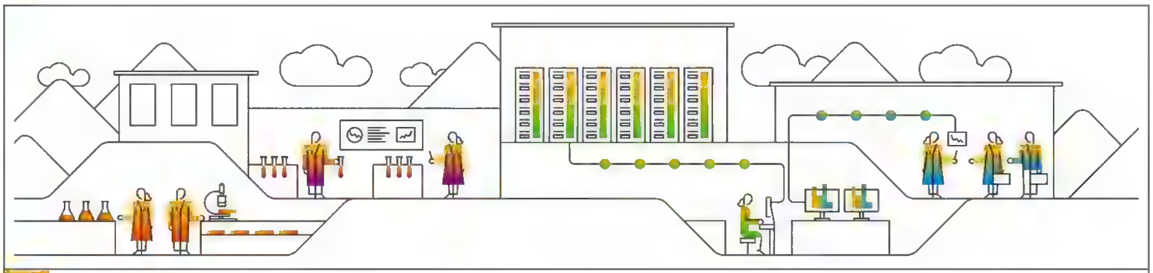


Figure 223: Solution Overview

Scope

SAP provides an automated compliance rule for suspended performance obligations to:

- Detect any performance obligations that are suspended for a significant period of time
- Detect critical suspended revenue and suspended cost

Benefits

- Automated detection and remediation
- Fast and effective overall qualification and impact analysis
- Track findings and resolution for full auditability

Figure 224: Solution Overview: Detect Suspended Performance Obligations

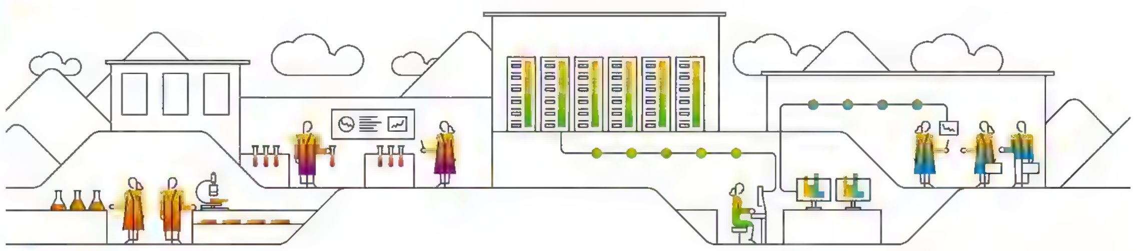
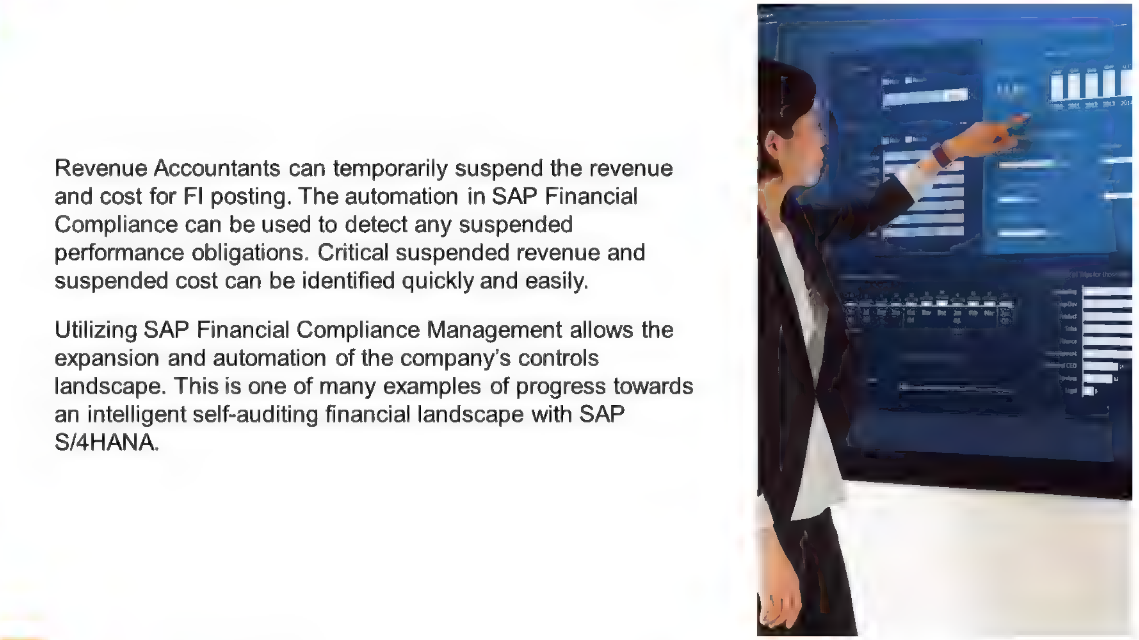


Figure 225: Business Example



Revenue Accountants can temporarily suspend the revenue and cost for FI posting. The automation in SAP Financial Compliance can be used to detect any suspended performance obligations. Critical suspended revenue and suspended cost can be identified quickly and easily.

Utilizing SAP Financial Compliance Management allows the expansion and automation of the company's controls landscape. This is one of many examples of progress towards an intelligent self-auditing financial landscape with SAP S/4HANA.

Figure 226: Business Scenario

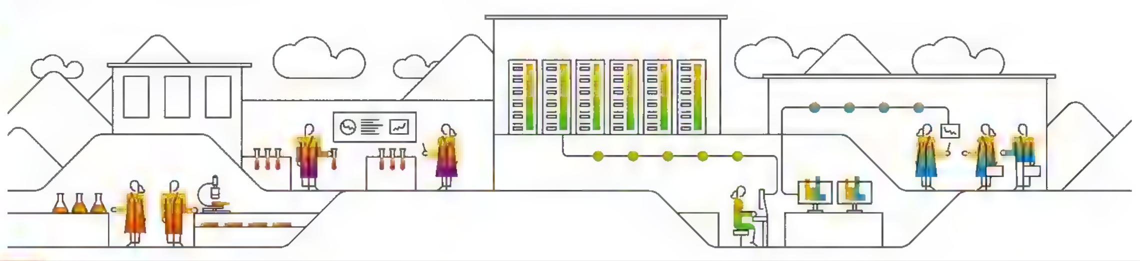
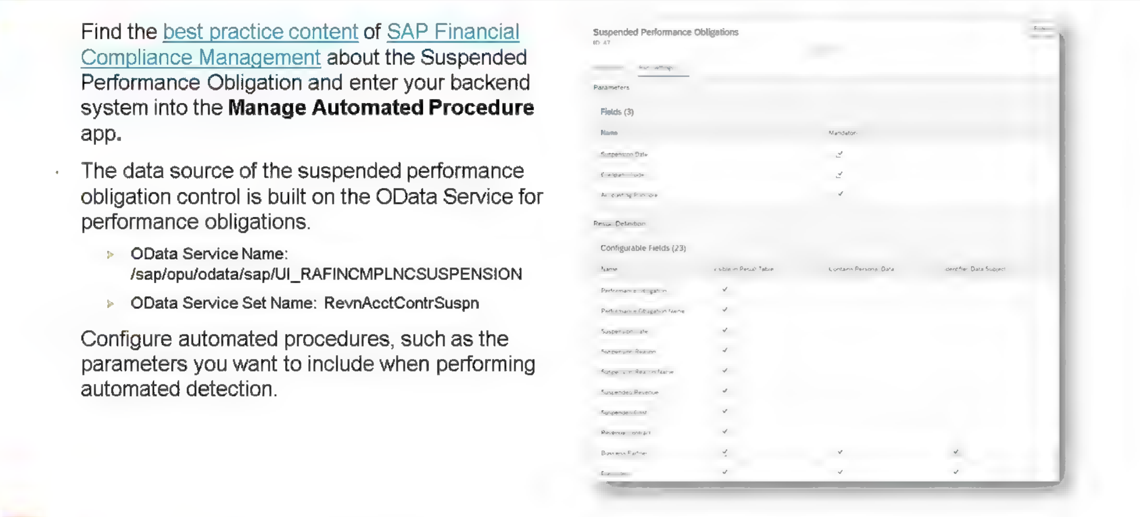


Figure 227: How to Use



Find the best practice content of SAP Financial Compliance Management about the Suspended Performance Obligation and enter your backend system into the **Manage Automated Procedure** app.

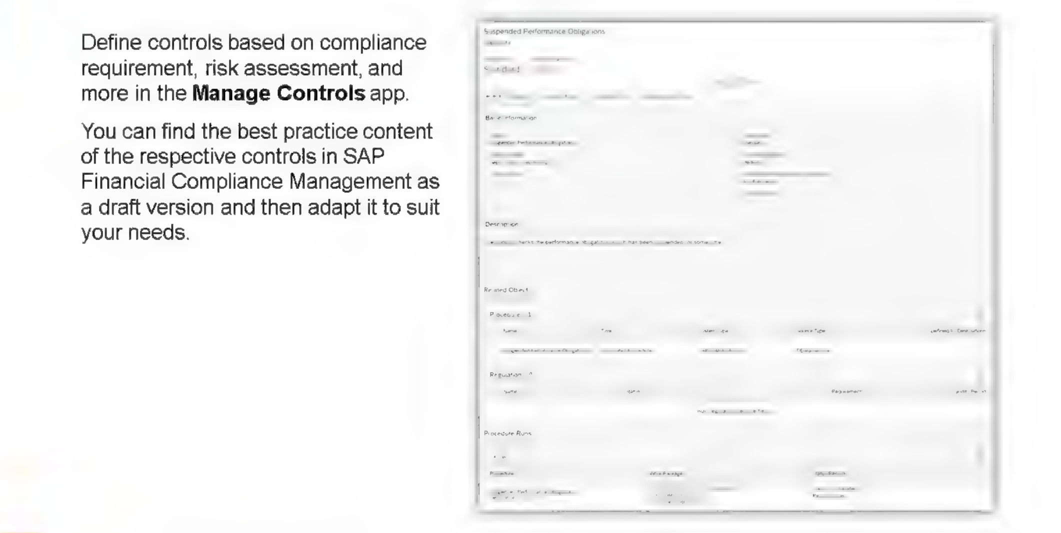
- The data source of the suspended performance obligation control is built on the OData Service for performance obligations.
  - OData Service Name: /sap/opu/odata/sap/UI_RAFINCMPLNCSUSPENSION
  - OData Service Set Name: RevnAcctContrSuspn

Configure automated procedures, such as the parameters you want to include when performing automated detection.

Suspended Performance Obligations
Parameters
Fields (3)
Configurable Fields (23)

Figure 228: Step 1: Set-up Data Source

- Odata Service Name: /sap/opu/odata/sap/UI_RAFINCMPLNCSUSPENSION
- Odata Service Set Name: RevnAcctContrSuspn



Define controls based on compliance requirement, risk assessment, and more in the **Manage Controls** app.

You can find the best practice content of the respective controls in SAP Financial Compliance Management as a draft version and then adapt it to suit your needs.

Suspended Performance Obligations

Figure 229: Step 2: Design Controls

- You need to create a work package to include a set of controls and the relevant procedures in the **Manage Work Package** app.

  You can add controls that are to be monitored or tested together in one work package, such as controls that address the same risk.

Suspended Performance Obligations

00000071

Last Run: Sep 7, 2021

Basic Information

Description

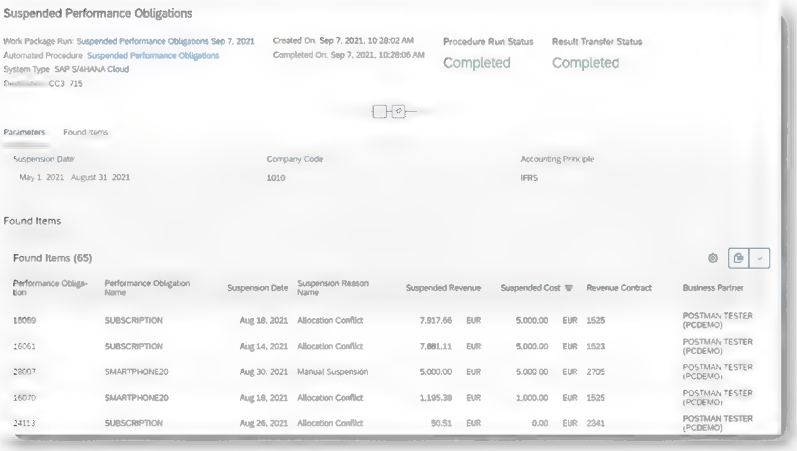
Runs 1

Sep 7, 2021

Controls and Procedures

Figure 230: Step 3: Create and Schedule Work Packages

You can analyze all non-compliant SSPs in the **Display Automated Procedure** app.



Suspended Performance Obligations

Work Package Run: Suspended Performance Obligations Sep 7, 2021
Automated Procedure: Suspended Performance Obligations
System Type: SAP S/4HANA Cloud
[illegible] CC3_715

Created On: Sep 7, 2021, 10:28:02 AM
Completed On: Sep 7, 2021, 10:28:06 AM

Procedure Run Status: Completed

Result Transfer Status: Completed

Suspension Date: May 1, 2021 - August 31, 2021

Company Code: 1010

Accounting Principle: IFRS

Found Items

Found Items (65)

Performance Obligation	Performance Obligation Name	Suspension Date	Suspension Reason Name	Suspended Revenue	Suspended Cost	Revenue Contract	Business Partner
16069	SUBSCRIPTION	Aug 18, 2021	Allocation Conflict	7,917.66 EUR	5,000.00 EUR	1525	POSTMAN TESTER (PCDEMO)
16061	SUBSCRIPTION	Aug 14, 2021	Allocation Conflict	7,681.11 EUR	5,000.00 EUR	1523	POSTMAN TESTER (PCDEMO)
28007	SMARTPHONE20	Aug 30, 2021	Manual Suspension	5,000.00 EUR	5,000.00 EUR	2705	POSTMAN TESTER (PCDEMO)
16070	SMARTPHONE20	Aug 18, 2021	Allocation Conflict	1,195.38 EUR	1,000.00 EUR	1525	POSTMAN TESTER (PCDEMO)
24113	SUBSCRIPTION	Aug 26, 2021	Allocation Conflict	50.51 EUR	0.00 EUR	2341	POSTMAN TESTER (PCDEMO)

Figure 231: Step 4: Check Result - Display Automated Procedure Runs

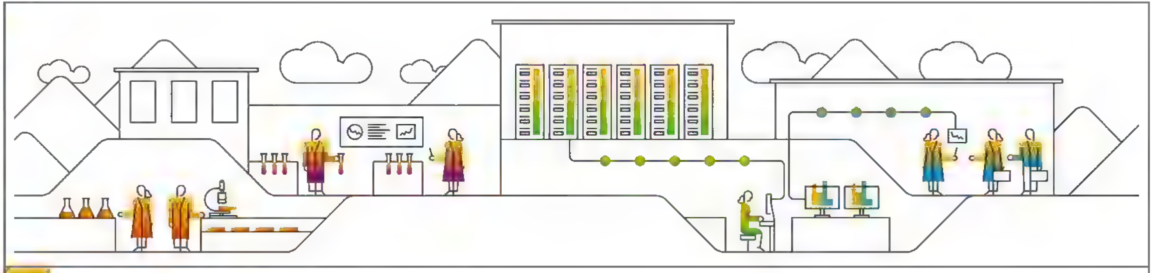


Figure 232: How to Configure

- SAP Financial Compliance Management is built on the SAP Business Technology Platform; you must have authorization to access the content for business rule detection.

Figure 233: How to ConfigureTechnical Prerequisites

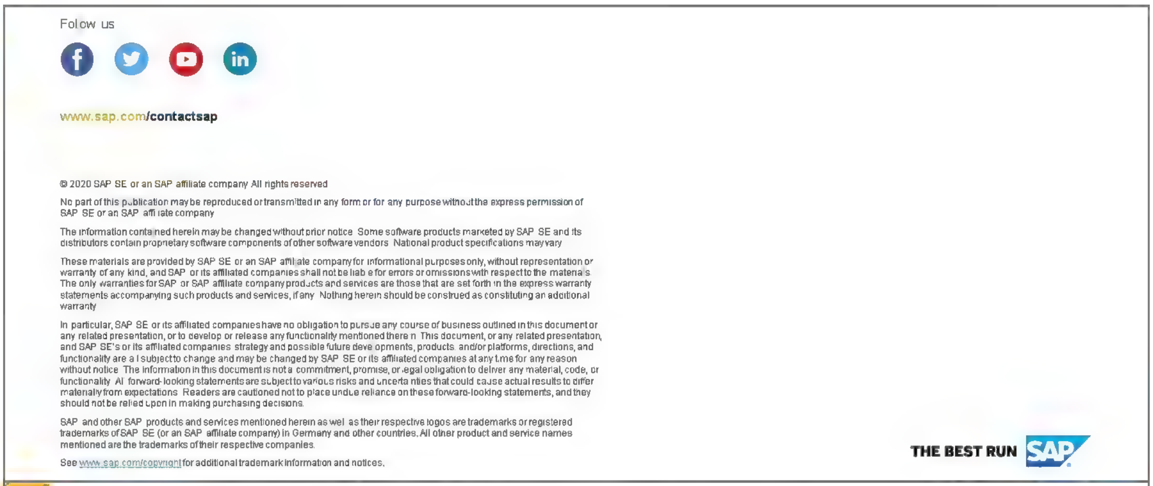


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Figure 234: Detect suspended perform Obligations

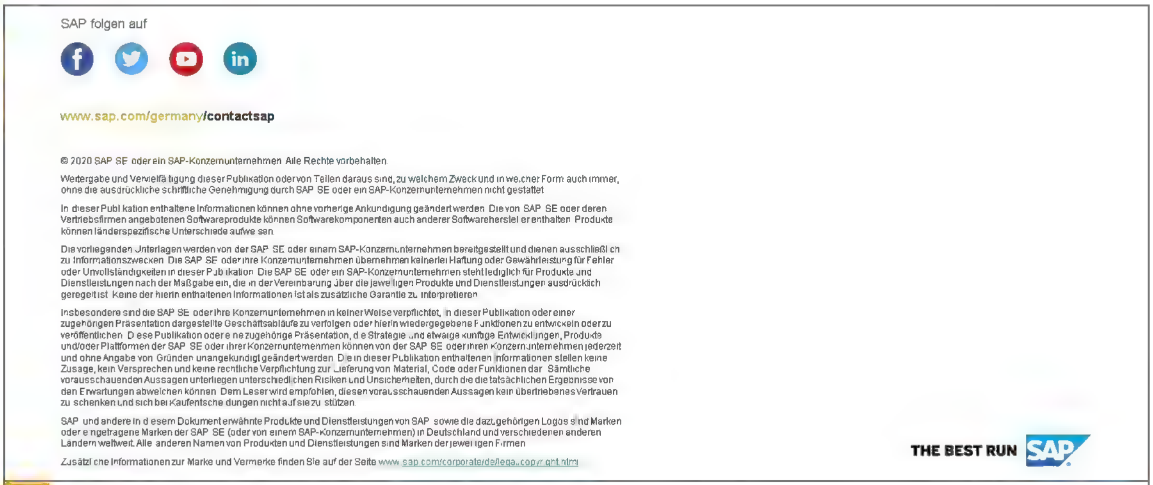

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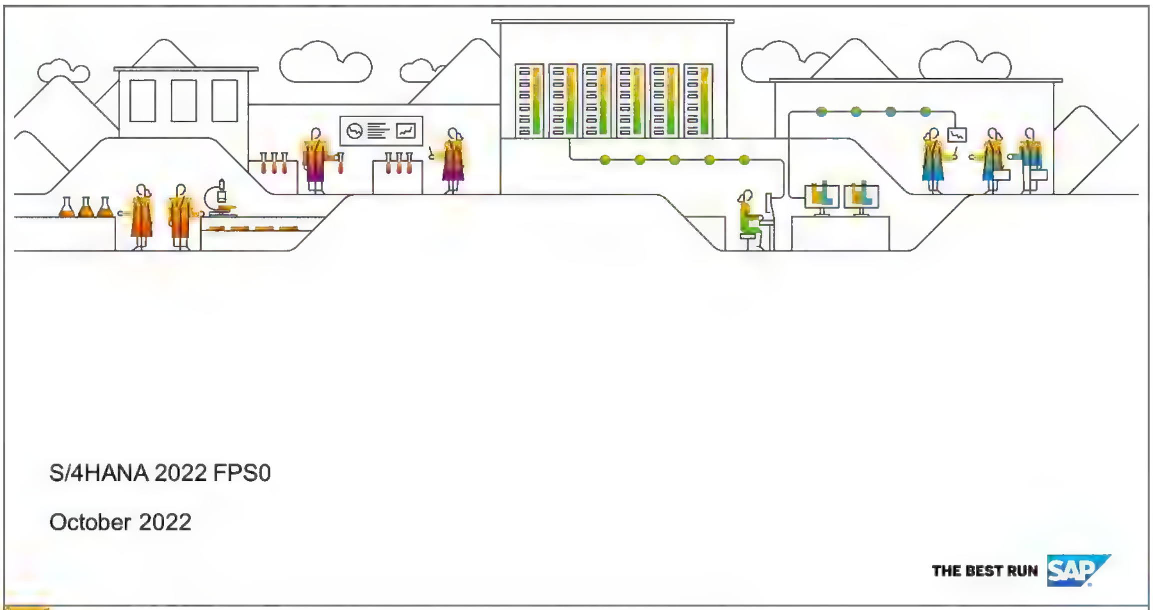
Figure 235: Detect suspended perform Obligations

Historical Data Aggregation Report



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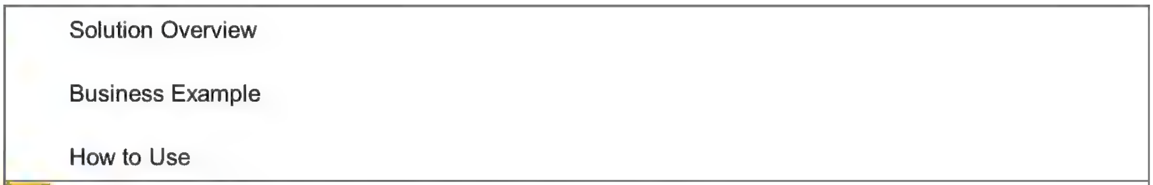
THE BEST RUN

Figure 236: Revenue Accounting and ReportingHistorical Data Aggregation



Solution Overview

Business Example

How to Use

Figure 237: Agenda

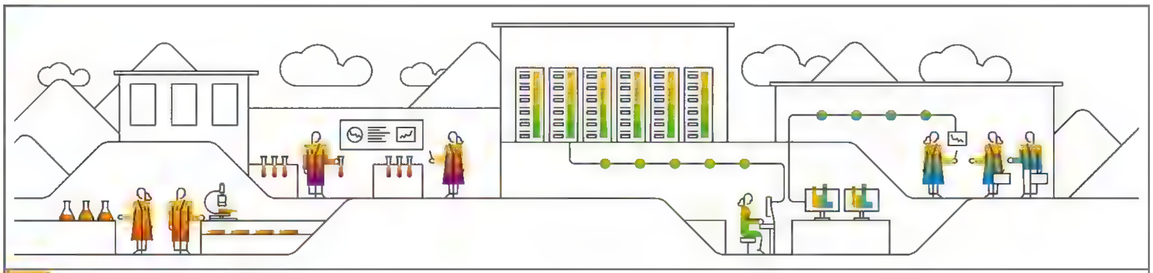
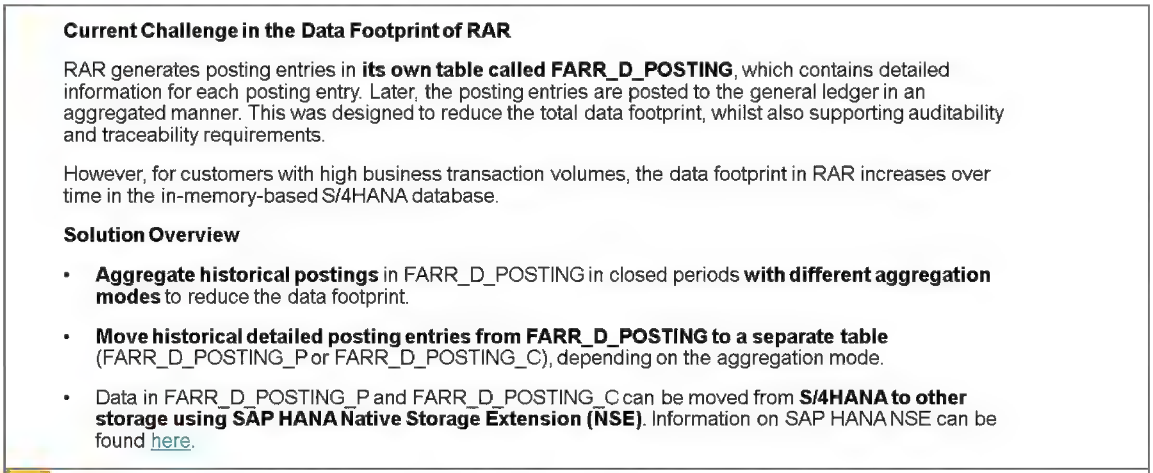


Figure 238: Solution Overview



Current Challenge in the Data Footprint of RAR

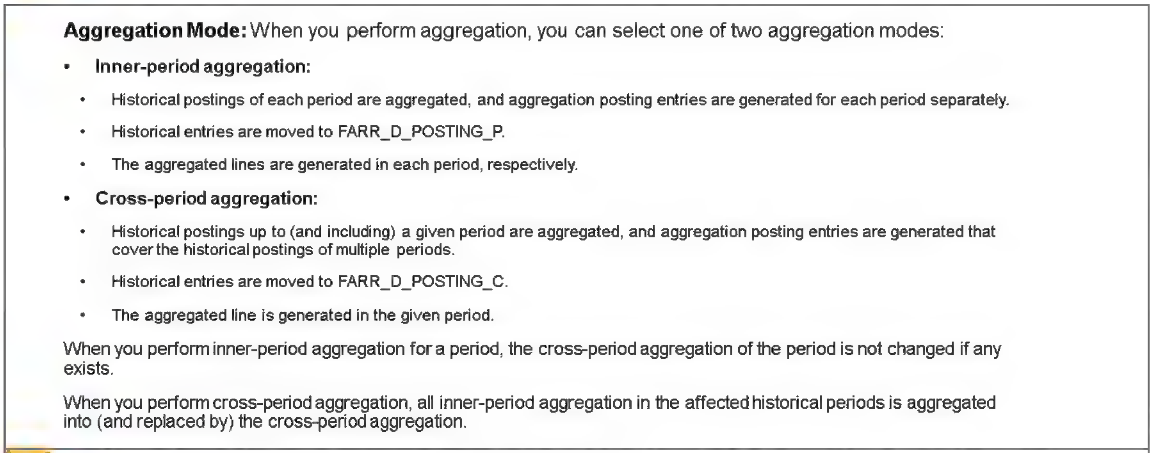
RAR generates posting entries in **its own table called FARR_D_POSTING**, which contains detailed information for each posting entry. Later, the posting entries are posted to the general ledger in an aggregated manner. This was designed to reduce the total data footprint, whilst also supporting auditability and traceability requirements.

However, for customers with high business transaction volumes, the data footprint in RAR increases over time in the in-memory-based S/4HANA database.

Solution Overview

- **Aggregate historical postings** in FARR_D_POSTING in closed periods **with different aggregation modes** to reduce the data footprint.
- **Move historical detailed posting entries from FARR_D_POSTING to a separate table** (FARR_D_POSTING_P or FARR_D_POSTING_C), depending on the aggregation mode.
- Data in FARR_D_POSTING_P and FARR_D_POSTING_C can be moved from **S/4HANA to other storage using SAP HANA Native Storage Extension (NSE)**. Information on SAP HANA NSE can be found here.

Figure 239: Solution Overview: Historical Data Aggregation



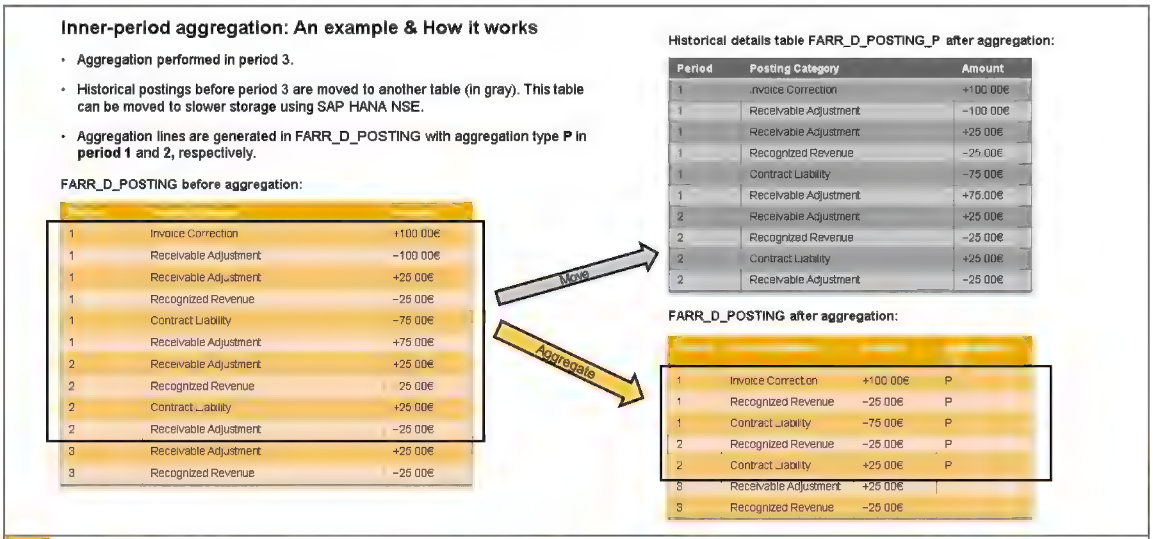
Aggregation Mode: When you perform aggregation, you can select one of two aggregation modes:

- **Inner-period aggregation:**
  - Historical postings of each period are aggregated, and aggregation posting entries are generated for each period separately.
  - Historical entries are moved to FARR_D_POSTING_P.
  - The aggregated lines are generated in each period, respectively.
- **Cross-period aggregation:**
  - Historical postings up to (and including) a given period are aggregated, and aggregation posting entries are generated that cover the historical postings of multiple periods.
  - Historical entries are moved to FARR_D_POSTING_C.
  - The aggregated line is generated in the given period.

When you perform inner-period aggregation for a period, the cross-period aggregation of the period is not changed if any exists.

When you perform cross-period aggregation, all inner-period aggregation in the affected historical periods is aggregated into (and replaced by) the cross-period aggregation.

Figure 240: Solution Overview: Historical Data Aggregation



Inner-period aggregation: An example & How it works

- Aggregation performed in period 3.
- Historical postings before period 3 are moved to another table (in gray). This table can be moved to slower storage using SAP HANA NSE.
- Aggregation lines are generated in FARR_D_POSTING with aggregation type **P** in **period 1** and 2, respectively.

FARR_D_POSTING before aggregation:

1	Invoice Correction	+100 00€
1	Receivable Adjustment	−100 00€
1	Receivable Adjustment	+25 00€
1	Recognized Revenue	−25 00€
1	Contract Liability	−75 00€
1	Receivable Adjustment	+75 00€
2	Receivable Adjustment	+25 00€
2	Recognized Revenue	25 00€
2	Contract Liability	+25 00€
2	Receivable Adjustment	−25 00€
3	Receivable Adjustment	+25 00€
3	Recognized Revenue	−25 00€

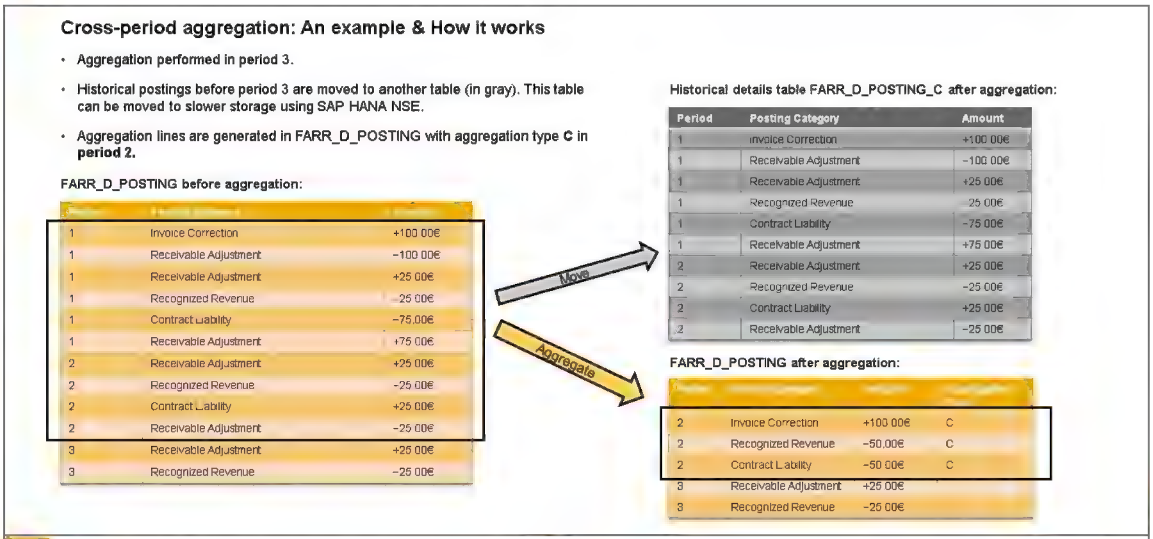
Historical details table FARR_D_POSTING_P after aggregation:

Period	Posting Category	Amount
1	Invoice Correction	+100 00€
1	Receivable Adjustment	−100 00€
1	Receivable Adjustment	+25 00€
1	Recognized Revenue	−25 00€
1	Contract Liability	−75 00€
1	Receivable Adjustment	+75.00€
2	Receivable Adjustment	+25 00€
2	Recognized Revenue	−25 00€
2	Contract Liability	+25 00€
2	Receivable Adjustment	−25 00€

FARR_D_POSTING after aggregation:

1	Invoice Correction	+100 00€	P
1	Recognized Revenue	−25 00€	P
1	Contract Liability	−75 00€	P
2	Recognized Revenue	−25 00€	P
2	Contract Liability	+25 00€	P
3	Receivable Adjustment	+25 00€	
3	Recognized Revenue	−25 00€	

Figure 241: Solution Overview: Historical Data Aggregation



Cross-period aggregation: An example & How it works

- Aggregation performed in period 3.
- Historical postings before period 3 are moved to another table (in gray). This table can be moved to slower storage using SAP HANA NSE.
- Aggregation lines are generated in FARR_D_POSTING with aggregation type **C** in **period 2.**

FARR_D_POSTING before aggregation:

1	Invoice Correction	+100 00€
1	Receivable Adjustment	−100 00€
1	Receivable Adjustment	+25 00€
1	Recognized Revenue	−25 00€
1	Contract Liability	−75,00€
1	Receivable Adjustment	+75 00€
2	Receivable Adjustment	+25 00€
2	Recognized Revenue	−25 00€
2	Contract Liability	+25 00€
2	Receivable Adjustment	−25 00€
3	Receivable Adjustment	+25 00€
3	Recognized Revenue	−25 00€

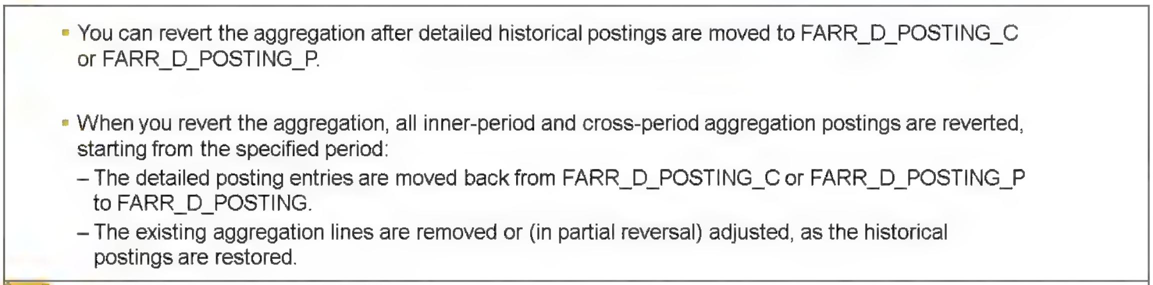
Historical details table FARR_D_POSTING_C after aggregation:

Period	Posting Category	Amount
1	Invoice Correction	+100 00€
1	Receivable Adjustment	−100 00€
1	Receivable Adjustment	+25 00€
1	Recognized Revenue	25 00€
1	Contract Liability	−75 00€
1	Receivable Adjustment	+75 00€
2	Receivable Adjustment	+25 00€
2	Recognized Revenue	−25 00€
2	Contract Liability	+25 00€
2	Receivable Adjustment	−25 00€

FARR_D_POSTING after aggregation:

2	Invoice Correction	+100 00€	C
2	Recognized Revenue	−50,00€	C
2	Contract Liability	−50 00€	C
3	Receivable Adjustment	+25 00€	
3	Recognized Revenue	−25 00€	

Figure 242: Solution Overview: Historical Data Aggregation



- You can revert the aggregation after detailed historical postings are moved to FARR_D_POSTING_C or FARR_D_POSTING_P.
- When you revert the aggregation, all inner-period and cross-period aggregation postings are reverted, starting from the specified period:
  - The detailed posting entries are moved back from FARR_D_POSTING_C or FARR_D_POSTING_P to FARR_D_POSTING.
  - The existing aggregation lines are removed or (in partial reversal) adjusted, as the historical postings are restored.

Figure 243: Revert the Aggregation

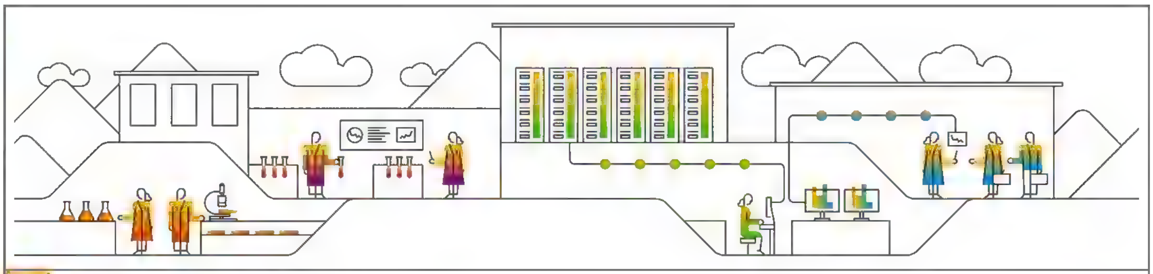
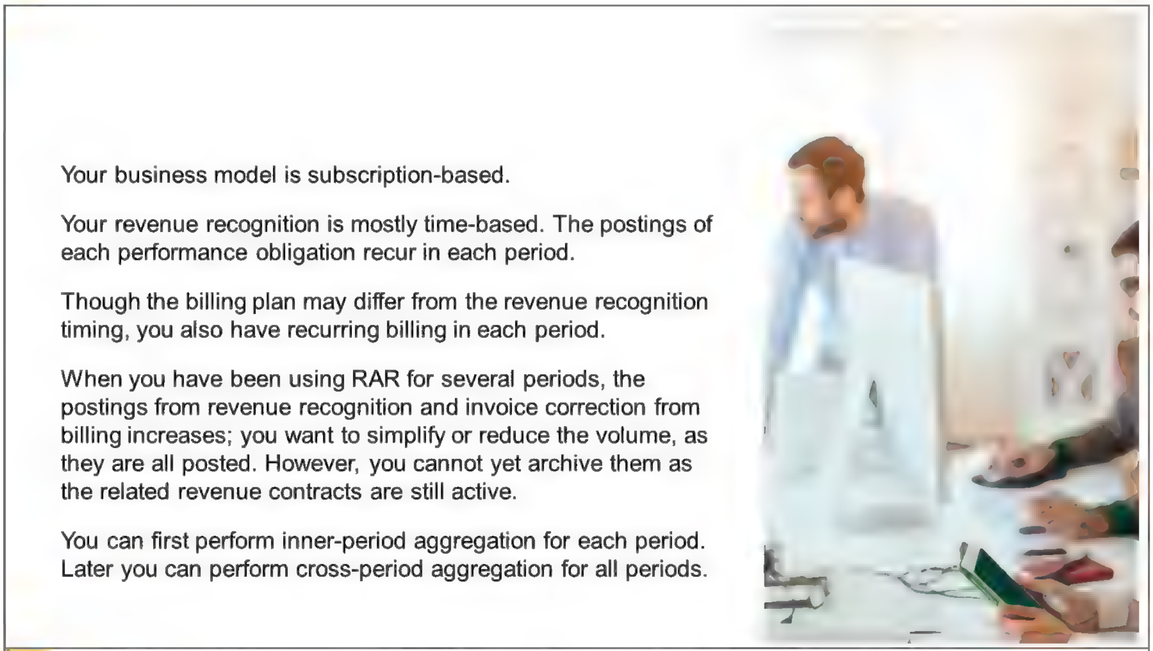


Figure 244: Business Example



Your business model is subscription-based.

Your revenue recognition is mostly time-based. The postings of each performance obligation recur in each period.

Though the billing plan may differ from the revenue recognition timing, you also have recurring billing in each period.

When you have been using RAR for several periods, the postings from revenue recognition and invoice correction from billing increases; you want to simplify or reduce the volume, as they are all posted. However, you cannot yet archive them as the related revenue contracts are still active.

You can first perform inner-period aggregation for each period. Later you can perform cross-period aggregation for all periods.

Figure 245: Business Example - Historical Data Aggregation

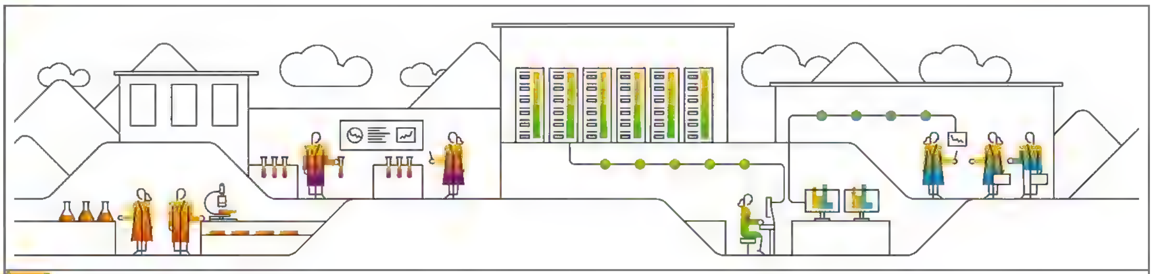
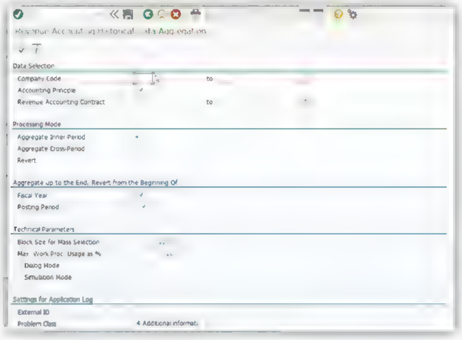


Figure 246: How to Use

- You can start the transaction code **'FARR_AGGREGATION'** to aggregate the historical data in FARR_D_POSTING
- You can define the processing mode:
  - – Aggregate Inner-Period
  - – Aggregate Cross-Period
  - – Revert
- You also need to define up to which period the posting entries shall be aggregated, or from which period they shall be reverted.
- The report can be executed in the background or in dialog mode.



Revenue Accounting Historical Data Aggregation

Data Selection

Company Code to

Accounting Principle

Revenue Accounting Contract to

Processing Mode

Aggregate Inner-Period

Aggregate Cross-Period

Revert

Aggregate up to the End, Revert from the Beginning Of

Fiscal Year

Posting Period

Technical Parameters

Block Size for Mass Selection

Max. Work Proc. Usage as %

Dialog Mode

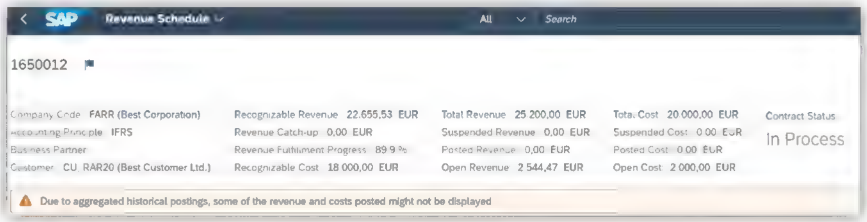
Simulation Mode

Settings for Application Log

External ID

Problem Class 4 Additional informati

Figure 247: Historical Data Aggregation Report



1650012

Company Code FARR (Best Corporation)

Accounting Principle IFRS

Business Partner

Customer CU_RAR20 (Best Customer Ltd.)

Recognizable Revenue 22.655,53 EUR

Revenue Catch-up 0,00 EUR

Revenue Fulfillment Progress 89.9 %

Recognizable Cost 18 000,00 EUR

Total Revenue 25.200,00 EUR

Suspended Revenue 0,00 EUR

Posted Revenue 0,00 EUR

Open Revenue 2 544,47 EUR

Total Cost 20.000,00 EUR

Suspended Cost 0.00 EUR

Posted Cost 0.00 EUR

Open Cost 2 000,00 EUR

Contract Status

In Process

Due to aggregated historical postings, some of the revenue and costs posted might not be displayed

If there are aggregated entries in FARR_D_POSTING for a revenue contract, the following applications will display a message to indicate that some entries are aggregated:

- – **Journal Entries by Contract**
- – **Revenue schedule**
- – **Document flow**

Figure 248: Information Shown on the User Interface

The following validation is performed by the system:

- If the system environment is productive, the given fiscal year and fiscal period must be closed. This is valid for both cross-period aggregation and inner-period aggregation.
- At inner-period aggregation, there are no pre-generated cross-period aggregation lines in the selected period or a later period.

Figure 249: Validation at Posting Data Aggregation

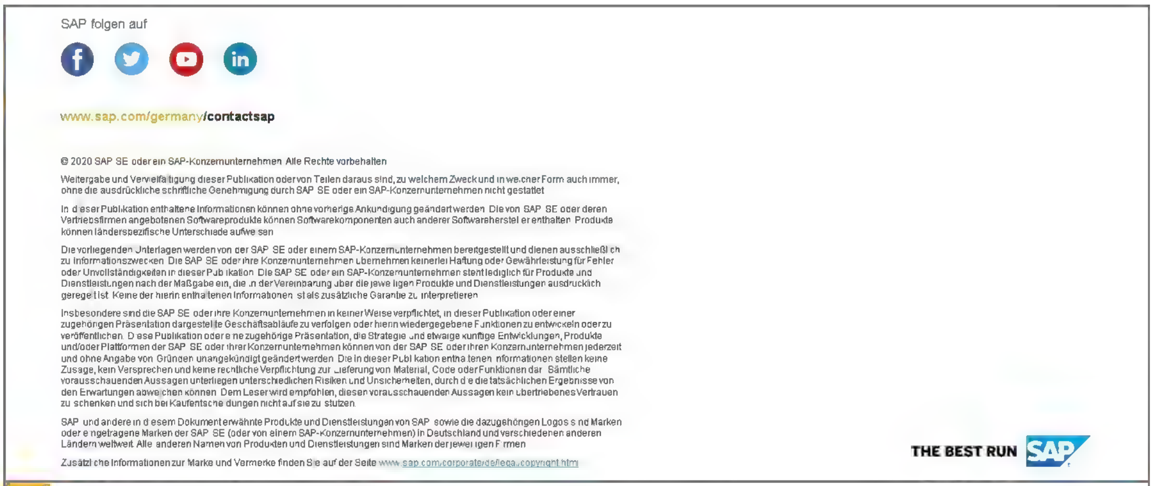


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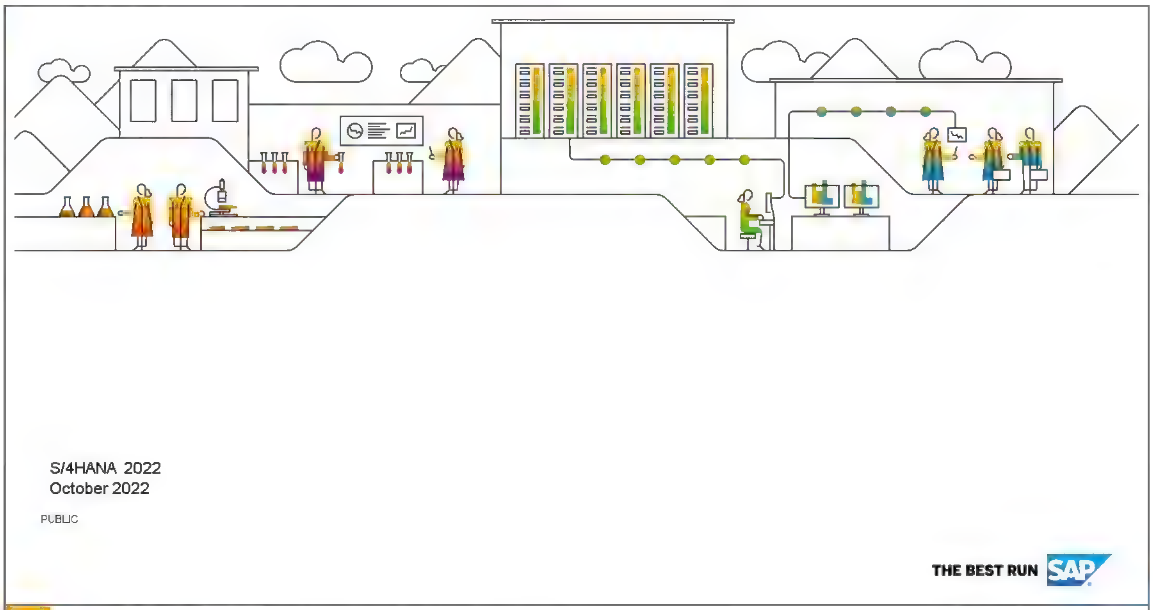
Figure 250: Historical Data Aggregation Report

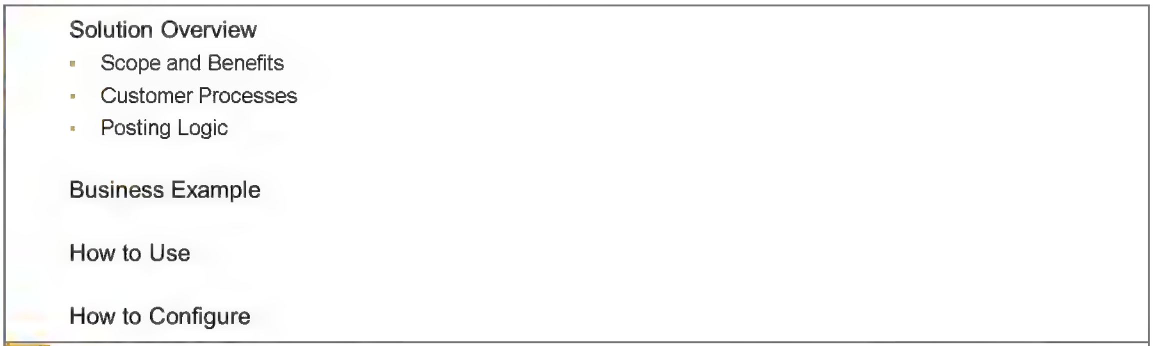
Projects



S/4HANA 2022
October 2022

PUBLIC

Figure 251: Event-Based Revenue RecognitionProjects



Solution Overview

- Scope and Benefits
- Customer Processes
- Posting Logic

Business Example

How to Use

How to Configure

Figure 252: Agenda

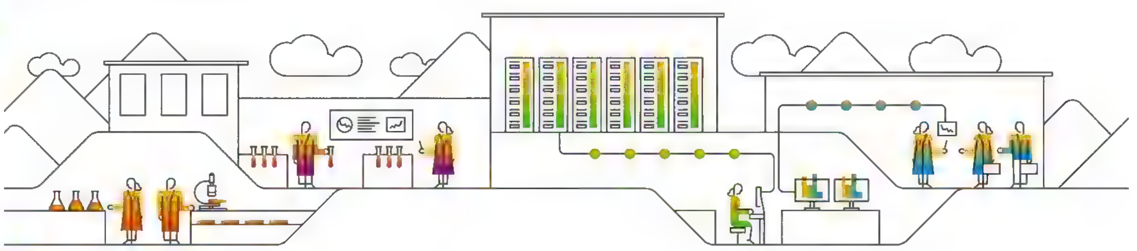


Figure 253: Solution Overview

Scope

- Recognize costs and revenues according to Recognition Keys
  - Cost-based Percentage of Completion
  - Revenue-based Percentage of Completion
  - Completed Contract
  - Time-based for Periodic Services
  - Time and Expenses

Benefits

- Fully integrated with General Ledger (ACDOCA)
- Real-time revenue, cost and margin reporting
- Supports universal parallel accounting

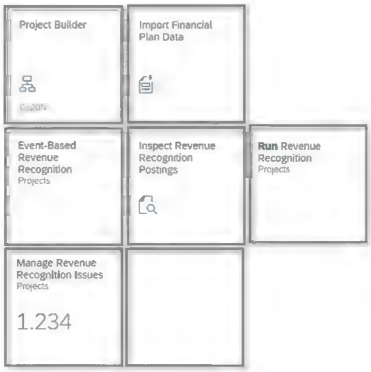
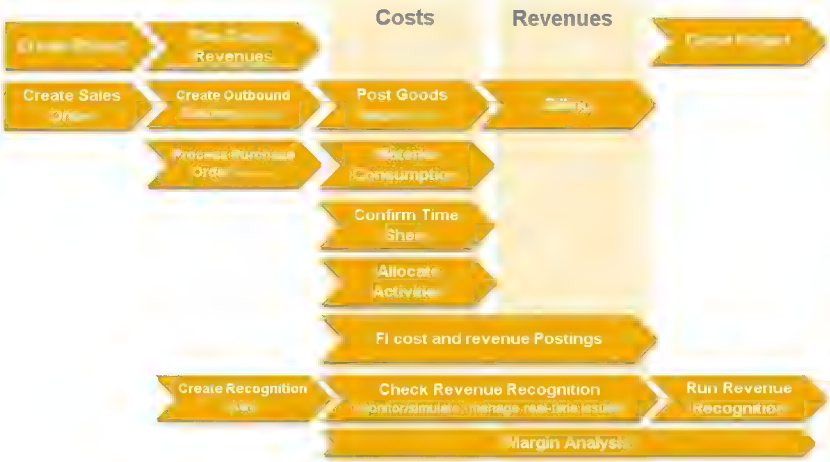

Project Builder
CJ20N
Import Financial Plan Data
Event-Based Revenue Recognition Projects
Inspect Revenue Recognition Postings
Run Revenue Recognition Projects
Manage Revenue Recognition Issues Projects
1.234

Figure 254: Solution Overview: Event-Based Revenue Recognition for Projects

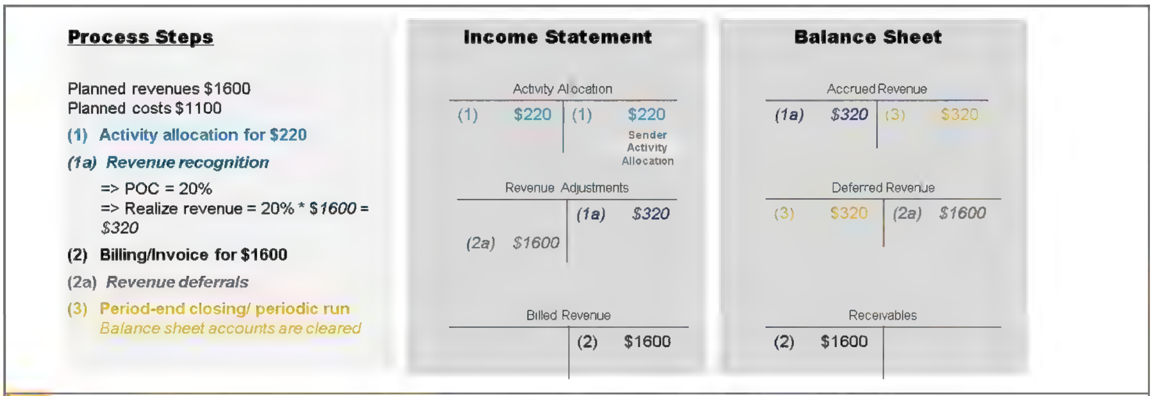

Costs
Revenues
Revenues
Create Sales Order
Create Outbound
Post Goods
Consumption
Confirm Time Sheet
Allocate Activities
FI cost and revenue Postings
Create Recognition
Check Revenue Recognition
Run Revenue Recognition
Margin Analysis

Following processes are not supported:

- Down payments
- CO transfer prices and transfer price agreements
- Intercompany sales process (intercompany postings are supported)
- WBS elements assigned to internal orders, production orders or network activities
- Sub-month periods (such as weeks)
- Sales order item as account assignment

Figure 255: Scope: Supported Customer Processes

The picture shows the activities for the project, the activities of the accountant and different business processes where the project is used as account assignment. Profitability reporting is possible in real-time with Margin Analysis.



Process Steps

Planned revenues $1600
Planned costs $1100
(1) Activity allocation for $220
(1a) Revenue recognition
=> POC = 20%
=> Realize revenue = 20% * *$1600* = *$320*
(2) Billing/Invoice for $1600
(2a) *Revenue deferrals*
(3) Period-end closing/ periodic run
Balance sheet accounts are cleared

Income Statement

Activity Allocation
(1) $220 | (1) $220
Sender Activity Allocation

Revenue Adjustments
(2a) *$1600* | (1a) *$320*

Billed Revenue
| (2) $1600

Balance Sheet

Accrued Revenue
(1a) *$320* | (3) $320

Deferred Revenue
(3) $320 | (2a) *$1600*

Receivables
(2) $1600 |

Figure 256: Solution Overview: Posting Logic (Cost Based POC)

A customer uses the cost-based percentage of completion method.

They plan $1600 revenues and $1100 for their project.

When costs of $220 are recognized through activity allocation, they recognize revenue of $320 with a POC of $220/$1100 = 20%.

The posting is accrued revenue/revenue adjustment.

The invoice of $1600 triggers an event-based revenue posting revenue adjustment/deferred revenue.

In closing/revaluation, accrued and deferred revenues are off set - see posting 3.

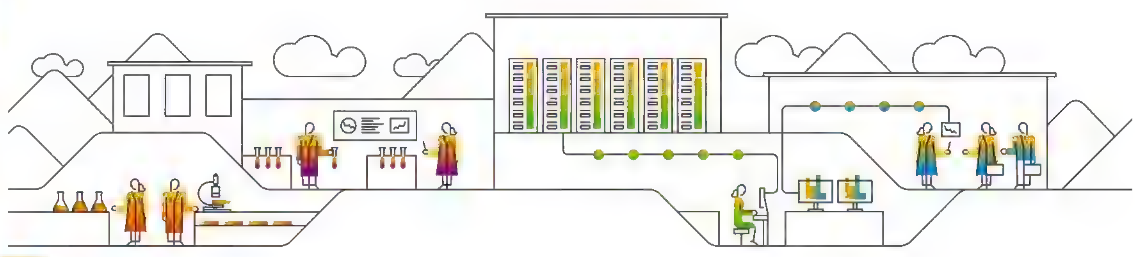


Figure 257: Business Example

An entity applies IFRS for their leading ledger 0L and a local GAAP LGAP for ledger 2L.

The entity produces specific goods for a customer and has to account according to a cost-based percentage of completion in IFRS considering the matching principle for costs and revenues. For local GAAP, they can recognize costs and revenues once the contract is completed.

The entity creates a recognition key with a cost-based percentage of completion for IFRS and a completed contracted method for local GAAP. They create a project and assign this recognition key to the project. For IFRS, they maintain plan costs and plan revenues.

While fulfilling the contract for the specific goods, the entity uses the project as account assignment when recognizing costs or creating an order for the customer. For both accounting principles the accounting requirements are met throughout the process in real-time.

Figure 258: Fulfill Requirements for Different Accounting Principles

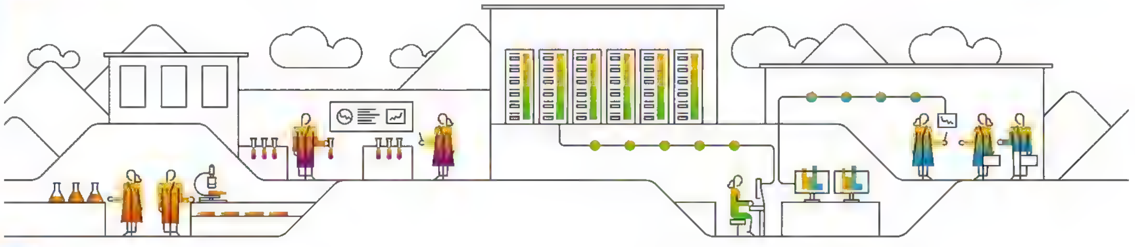
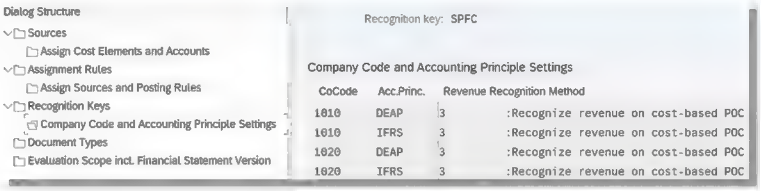


Figure 259: How to Use

The Recognition Key determines how costs and revenues are recognized. It includes:

- ❑ The Recognition Method
- ❑ Source for Plan Values
- ❑ Time-based Apportionment Method
- ❑ Assignment Rule for cost and revenue elements/accounts and which postings are triggered (Posting Rules)


Dialog Structure
Sources
Assign Cost Elements and Accounts
Assignment Rules
Assign Sources and Posting Rules
Recognition Keys
Company Code and Accounting Principle Settings
Document Types
Evaluation Scope incl. Financial Statement Version

Recognition key: SPFC

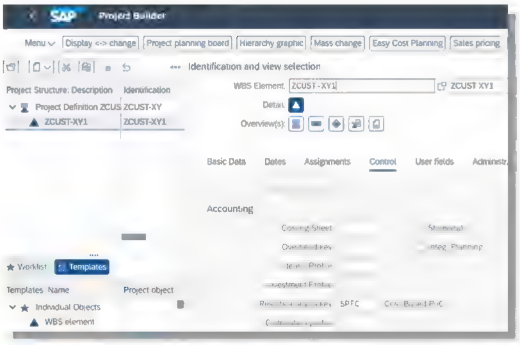
Company Code and Accounting Principle Settings

CoCode	Acc.Princ.	Revenue Recognition Method	
1010	DEAP	3	:Recognize revenue on cost-based POC
1010	IFRS	3	:Recognize revenue on cost-based POC
1020	DEAP	3	:Recognize revenue on cost-based POC
1020	IFRS	3	:Recognize revenue on cost-based POC

Figure 260: How to UseCreate Recognition Key

A Recognition Key is defined in customizing and determines how costs and revenues are recognized. You find more details in the how to configure section.

Use Project Builder:


SAP
Project Builder
Menu
Display <-> change
Project planning board
Hierarchy graphic
Mass change
Easy Cost Planning
Sales pricing
Identification and view selection
Detail:
Overview(s):
Basic Data
Dates
Assignments
Control
User fields
Administr
Accounting
Worklist
Templates
Templates Name
Project object
Individual Objects
WBS element

Project Structure: Description | Identification
Project Definition ZCUS ZCUST-XY
ZCUST-XY1 ZCUST-XY1

WBS Element: ZCUST-XY1 ZCUST XY1

Mind the rules:

- WBS with Recognition Key **must** be billing element
- Below a billing element with a Recognition Key **must not be another a billing element** with a Recognition key (white listed)
- Elements below this billing element must belong to the **same company** code

Figure 261: How to UseCreate your Project and WBS elements

You use the Project Builder to create your project (GUI transaction CJ20n) and WBS elements underneath. You need to maintain mandatory fields like company code, controlling area, project definition, plan, planning profile...

You set the Recognition Key in the tab Control (Results analysis key). With Event-Based Revenue Recognition, the rules listed in the box apply.

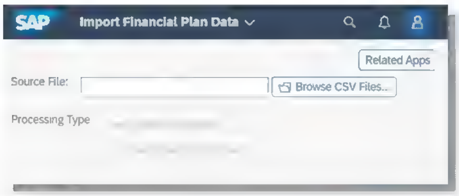
You set the status to released, before you use the project as account assignment.

Dependent on the Source for Plan Values in the Recognition Key, you use classical ECC plan methods (planning source: planning for leading object 100 or all objects 101)

- Overall Cost Planning
- Cost Element Planning
- Easy Cost Planning
- Billing Plan on WBS element

Or planning from ACDOCP (planning source 500)

- Import Financial Plan Data (Fiori, only)

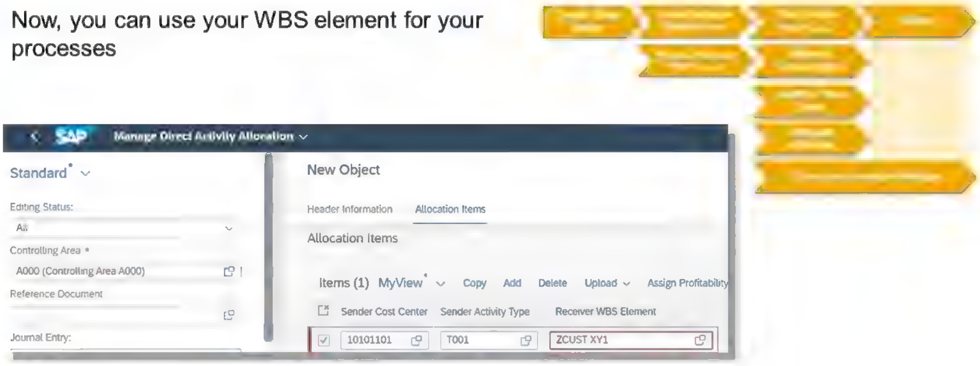

SAP
Import Financial Plan Data
Related Apps
Browse CSV Files...

Source File:

Processing Type

Figure 262: How to UsePlan your Project

Now, you can use your WBS element for your processes


SAP
Manage Direct Activity Allocation
Standard
New Object
Header Information
Allocation Items
Allocation Items
Items (1)
MyView
Copy
Add
Delete
Upload
Assign Profitability

Editing Status: All

Controlling Area *: A000 (Controlling Area A000)

Reference Document

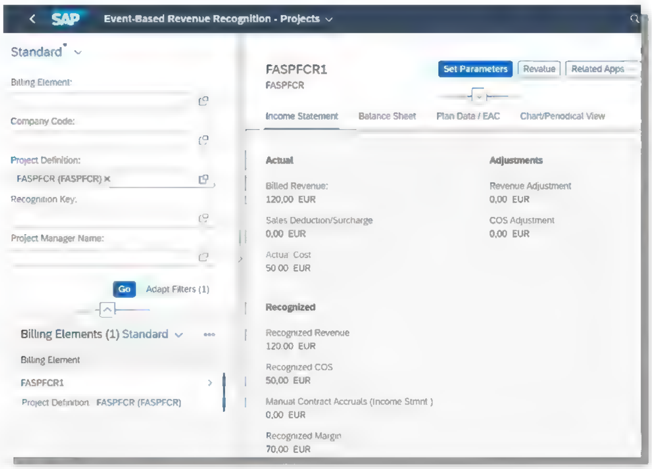
Journal Entry:

☑	Sender Cost Center	Sender Activity Type	Receiver WBS Element
☑	10101101	T001	ZCUST XY1

Figure 263: How to UseUse your WBS Element as Account Assignment

You can use the following apps:

- ☐ [Event-Based Revenue Recognition – Projects] (analyze, enter manual adjustments, simulate/revaluate)
- ☐ [Run Revenue Recognition – Projects] (revaluate, execute periodic revaluation)
- ☐ [Manage Revenue Recognition Issues – Projects] (analyze issues, simulate correction or reprocess WBS elements for error correction)
- ☐ [Inspect Revenue Recognition Postings] (analyze how posting affect your balance sheet or income statement)



Billing Element:

Company Code:

Project Definition: FASPFCR (FASPFCR)

Recognition Key:

Project Manager Name:

Billing Elements (1) Standard

Billing Element

FASPFCR1

Project Definition: FASPFCR (FASPFCR)

FASPFCR1

FASPFCR

Actual

Billed Revenue: 120,00 EUR

Sales Deduction/Surcharge 0,00 EUR

Actual Cost 50 00 EUR

Adjustments

Revenue Adjustment 0,00 EUR

COS Adjustment 0,00 EUR

Recognized

Recognized Revenue 120.00 EUR

Recognized COS 50,00 EUR

Manual Contract Accruals (Income Stmnt) 0,00 EUR

Recognized Margin 70,00 EUR

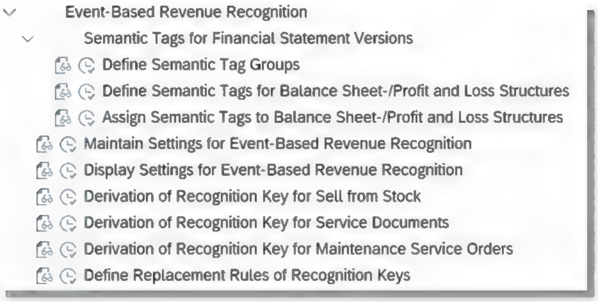
Figure 264: How to UseAnalyze and Account for your Project

Figure 265: How to Configure

You configure Event-Based Revenue Recognition in SAP IMG *SAP Customizing Implementation Guide > Controlling > Product Cost Controlling > Cost Object Controlling > Product Cost by Sales Order > Period-End Closing > Event-Based Revenue Recognition*

For Fiori-Apps and reporting, you define semantic tags.

Different to sales from stock, there is no best practice content for projects. However, you can use the sales content as an example how to set up Event-Based Revenue Recognition for projects.



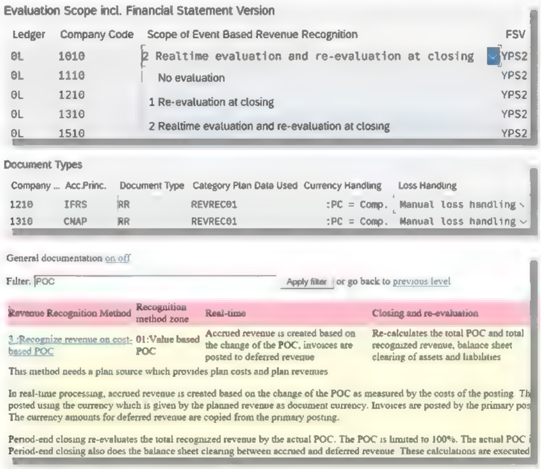
- Event-Based Revenue Recognition
  - Semantic Tags for Financial Statement Versions
    - Define Semantic Tag Groups
    - Define Semantic Tags for Balance Sheet-/Profit and Loss Structures
    - Assign Semantic Tags to Balance Sheet-/Profit and Loss Structures
  - Maintain Settings for Event-Based Revenue Recognition
  - Display Settings for Event-Based Revenue Recognition
  - Derivation of Recognition Key for Sell from Stock
  - Derivation of Recognition Key for Service Documents
  - Derivation of Recognition Key for Maintenance Service Orders
  - Define Replacement Rules of Recognition Keys

Figure 266: How to Configure

Define in the evaluation scope,

Document types,

And recognition keys (see documentation in F4 help).



Evaluation Scope incl. Financial Statement Version

Ledger	Company Code	Scope of Event Based Revenue Recognition	FSV
0L	1010	2 Realtime evaluation and re-evaluation at closing	YPS2
0L	1110		YPS2
0L	1210		YPS2
0L	1310		YPS2
0L	1510		YPS2

No evaluation
1 Re-evaluation at closing
2 Realtime evaluation and re-evaluation at closing

Document Types

Company ...	Acc.Princ.	Document Type	Category Plan Data Used	Currency Handling	Loss Handling
1210	IFRS	RR	REVREC01	:PC = Comp.	Manual loss handling
1310	CNAP	RR	REVREC01	:PC = Comp.	Manual loss handling

Revenue Recognition Method	Recognition method zone	Real-time	Closing and re-evaluation
3 :Recognize revenue on cost-based POC	01:Value based POC	Accrued revenue is created based on the change of the POC, invoices are posted to deferred revenue	Re-calculates the total POC and total recognized revenue, balance sheet clearing of assets and liabilities

This method needs a plan source which provides plan costs and plan revenues

In real-time processing, accrued revenue is created based on the change of the POC as measured by the costs of the posting. Th
posted using the currency which is given by the planned revenue as document currency. Invoices are posted by the primary pos
The currency amounts for deferred revenue are copied from the primary posting.

Period-end closing re-evaluates the total recognized revenue by the actual POC. The POC is limited to 100%. The actual POC
Period-end closing also does the balance sheet clearing between accrued and deferred revenue These calculations are executed

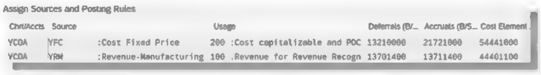
Figure 267: How to Configure

Within the settings, you define in the evaluation scope for which ledger, company code and Financial Statement Version you use Event-Based Revenue Recognition (no evaluation, closing, real-time and closing).

In Document Types, you determine by company code and accounting principle, which document type for posting, which plan category for historical data and which rules for currency and loss handling you use.

In recognition keys, you can determine the Recognition Key by accounting principle and company code. In the F4 on the recognition key, you find extensive documentation such as posting in real-time and revaluation.

Within the assignment rules, you determine for cost elements/revenue accounts (sources) the usage.



Assign Sources and Posting Rules

ChrtAccts	Source		Usage	Deferrals (B/...	Accruals (B/S...	Cost Element ...
YCOA	YFC	:Cost Fixed Price	200 :Cost capitalizable and POC	13210000	21721000	54441000
YCOA	YRM	:Revenue-Manufacturing	100 .Revenue for Revenue Recogn	13701400	13711400	44401100

The following usages are supported

- 100 Revenue for revenue recognition processing
- 101 Revenue without revenue recognition processing
- 103 Unbilled revenue processing
- 200 Cost capitalizable and PoC relevant for recognizing revenue
- 201 Cost not capitalizable but PoC relevant for recognizing revenue
- 202 Cost without revenue recognition processing
- No processing
- 400 Currency result
- 401 Currency valuation

You also determine by source to which account the deferrals, accruals and adjustment postings are done

Figure 268: How to Configure

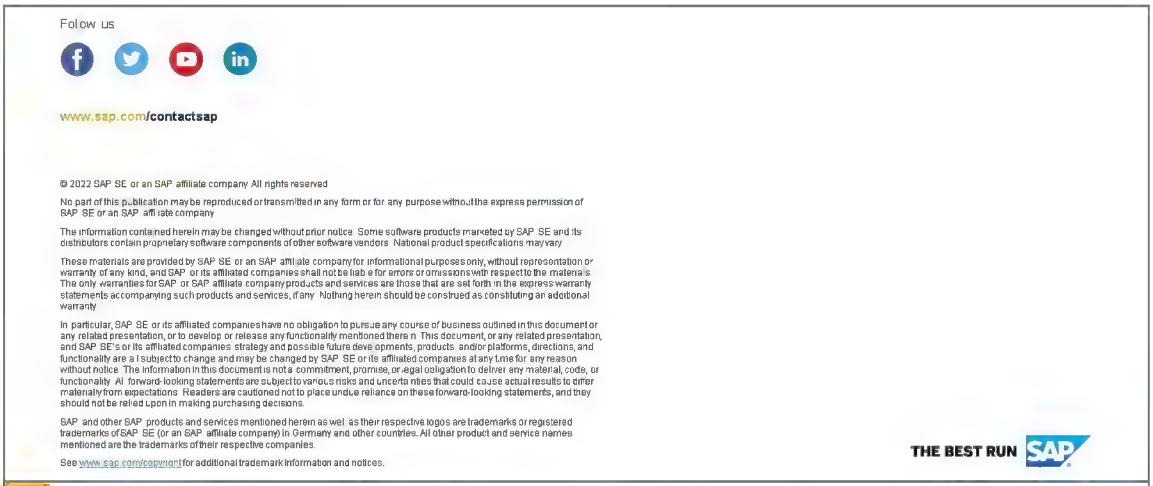


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Figure 269: Projects

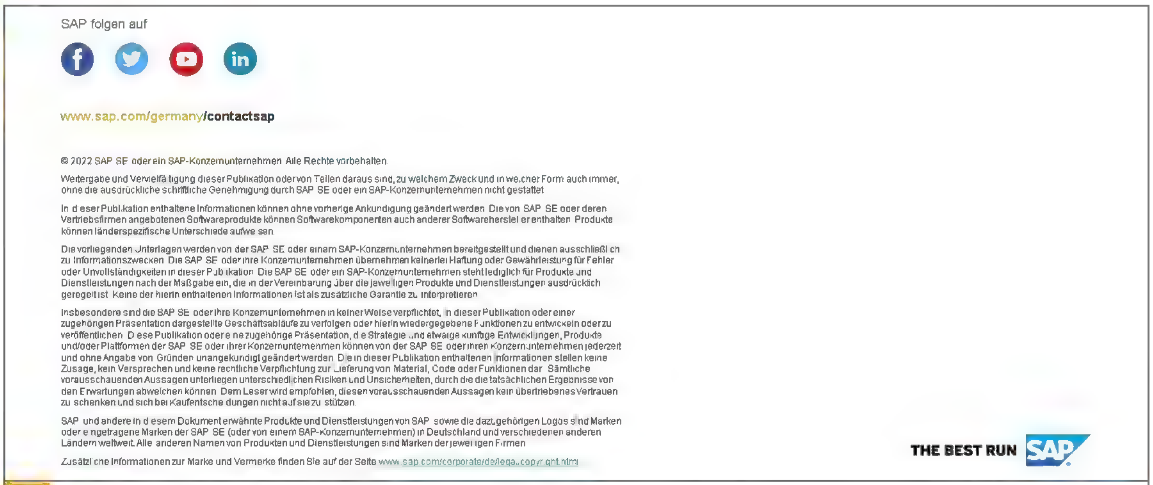

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Figure 270: Projects

Integration with Service Contracts

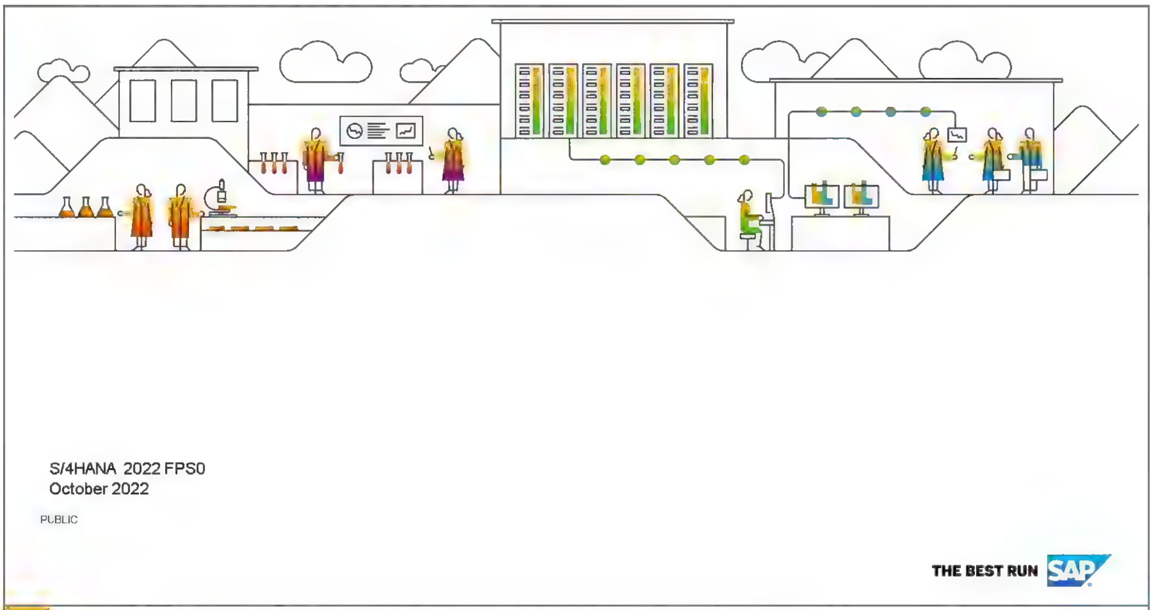

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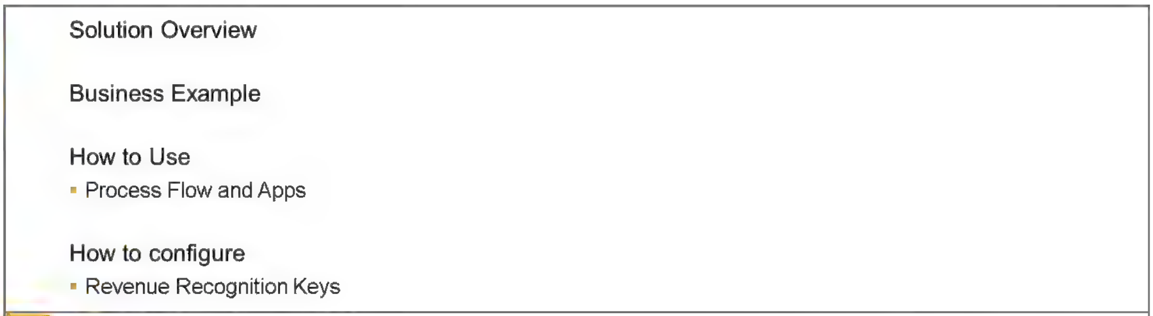
Figure 271: Event-Based Revenue RecognitionIntegration with Service Contracts



Solution Overview

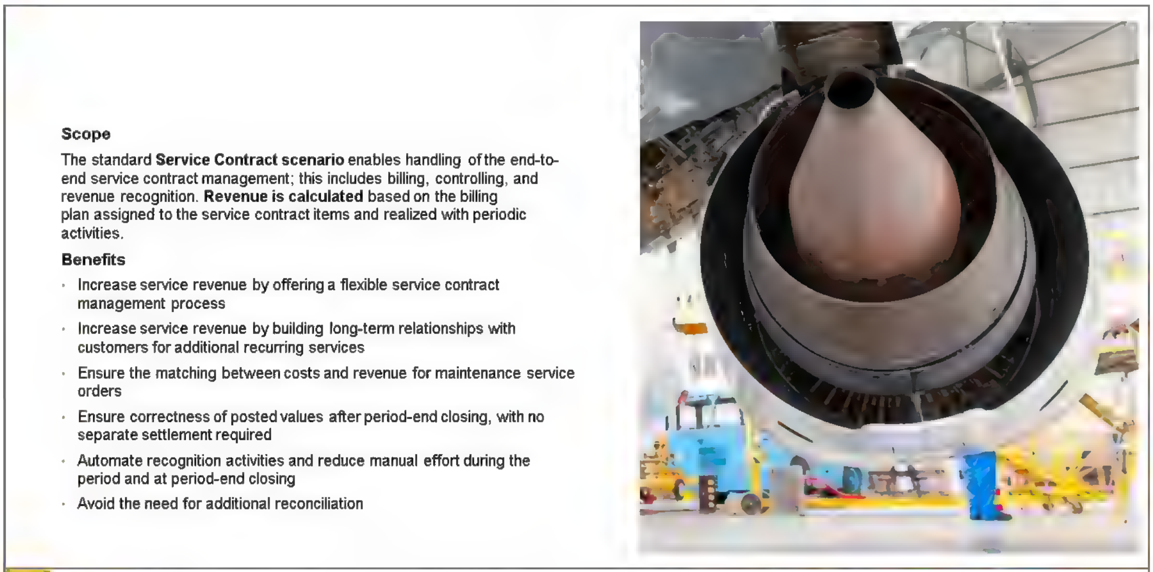
Business Example

How to Use
- Process Flow and Apps

How to configure
- Revenue Recognition Keys

Figure 272: Agenda

Figure 273: Solution Overview



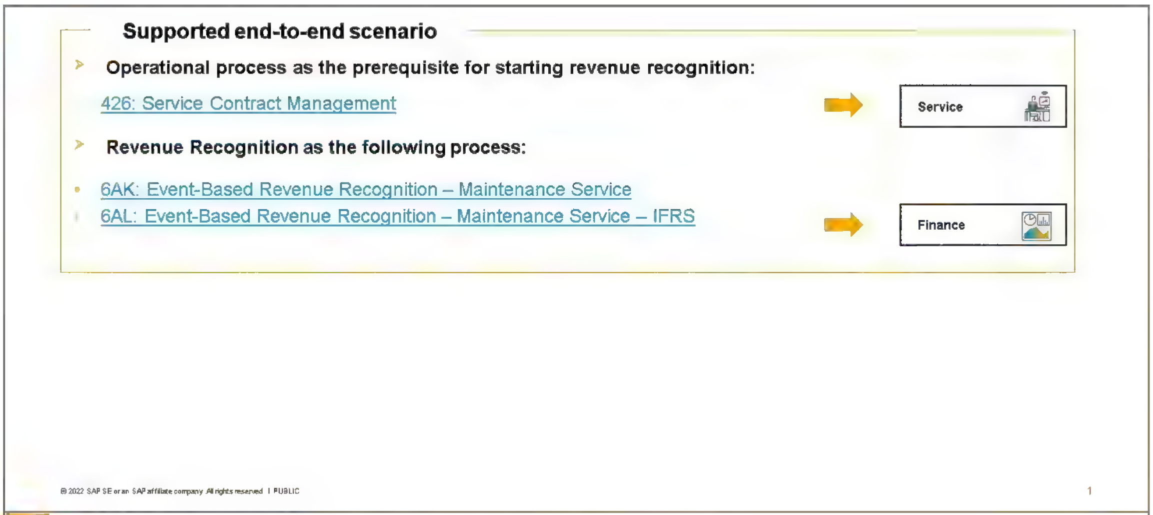
Scope

The standard **Service Contract scenario** enables handling of the end-to-end service contract management; this includes billing, controlling, and revenue recognition. **Revenue is calculated** based on the billing plan assigned to the service contract items and realized with periodic activities.

Benefits

- Increase service revenue by offering a flexible service contract management process
- Increase service revenue by building long-term relationships with customers for additional recurring services
- Ensure the matching between costs and revenue for maintenance service orders
- Ensure correctness of posted values after period-end closing, with no separate settlement required
- Automate recognition activities and reduce manual effort during the period and at period-end closing
- Avoid the need for additional reconciliation

Figure 274: Solution Overview: Service Contracts



Supported end-to-end scenario

- **Operational process as the prerequisite for starting revenue recognition:**

426: Service Contract Management

Service

- **Revenue Recognition as the following process:**

- 6AK: Event-Based Revenue Recognition – Maintenance Service
- 6AL: Event-Based Revenue Recognition – Maintenance Service – IFRS

Finance

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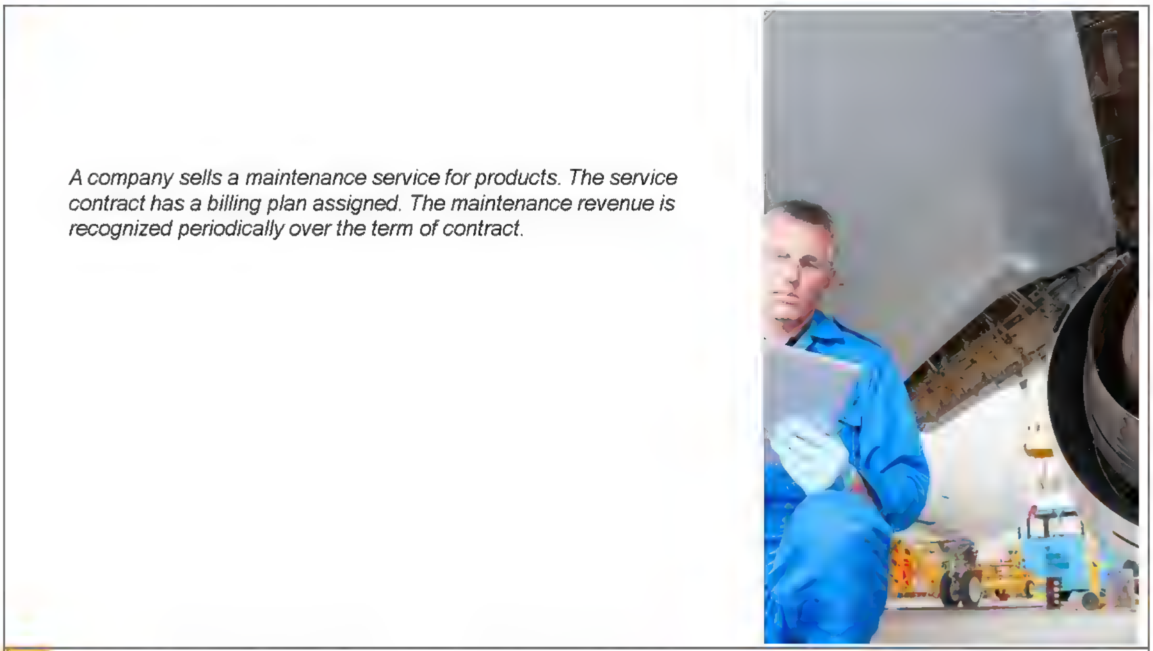
1

Figure 275: Revenue Recognition for Service Contacts

Event-Based Revenue Recognition allows you to manage revenue recognition for maintenance service orders and service contracts.

Figure 276: Business Example



A company sells a maintenance service for products. The service contract has a billing plan assigned. The maintenance revenue is recognized periodically over the term of contract.

Figure 277: Integration with Service ContractsBusiness Example

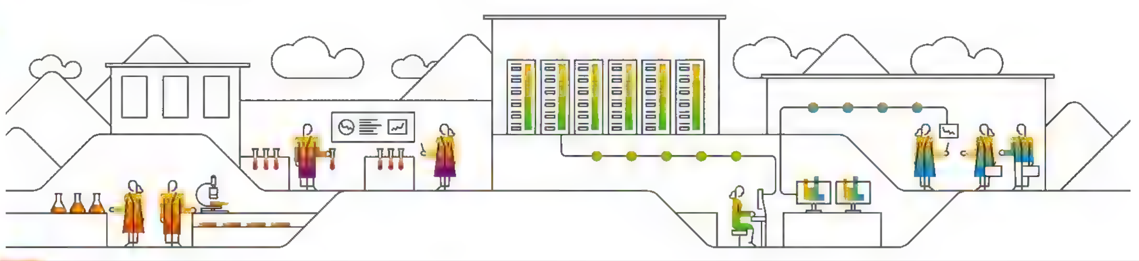
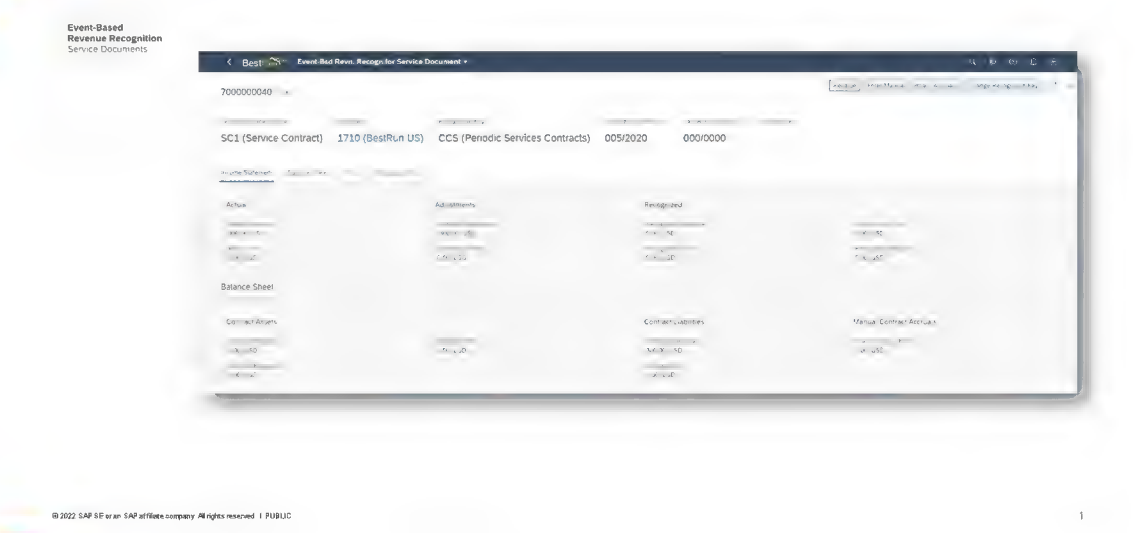


Figure 278: How to Use



Event-Based Revenue Recognition
Service Documents

Event-Bsd Revn. Recogn.for Service Document
7000000040
SC1 (Service Contract)
1710 (BestRun US)
CCS (Periodic Services Contracts)
005/2020
000/0000
Actual
Adjustments
Recognized
Balance Sheet
Contract Assets
Contract Liabilities
Manual Contract Accruals

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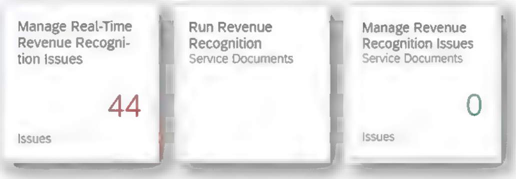
Figure 279: Event-Based Revenue Recognition - Monitor

The Event-Based Revenue Recognition monitor app for Service Documents provides the following key capabilities

- Analyze Event-Based Revenue Recognition postings for service contracts and maintenance service orders
- Revalue the recognition values for a service contract item and maintenance service order item
- Change to further supported revenue recognition key
- Enter manual accruals
- Link to further reports like "Display line items in General Ledger"


Manage Real-Time Revenue Recognition Issues
44
Issues
Run Revenue Recognition
Service Documents
Manage Revenue Recognition Issues
Service Documents
0
Issues

Key Capabilities:

Manage Real-Time Revenue Recognition Issues

- Analyze errors and resolve any real-time issues that occurred during real time processing of reference documents and reprocess the failed documents (Navigate directly to the Run Revenue Recognition app)

Run Revenue Recognition

- Schedule periodic closing job for service documents. Revenue recognition values are recalculated
- Display history of every periodic closing activity
- Review list of the processed documents and status of each closing activity

Manage Revenue Recognition Issues

- Display and analyze errors that occurred during periodic closing runs
- Reprocess service document items that match your search criteria after the errors are corrected

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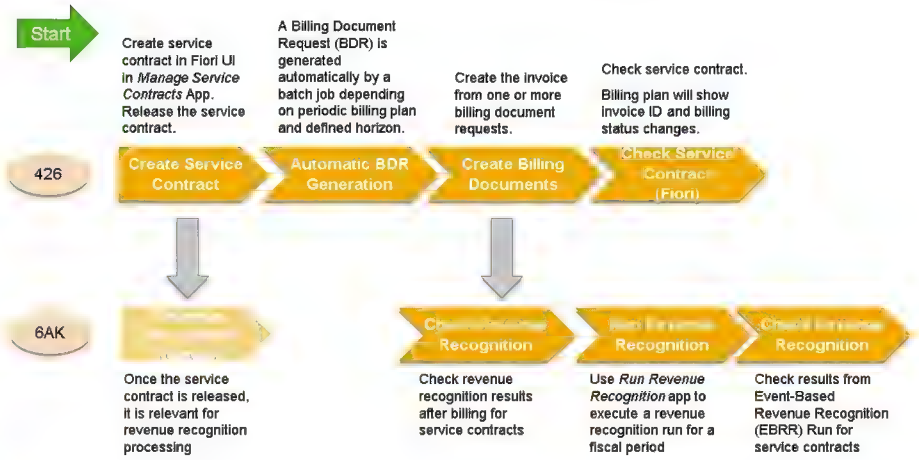
Figure 280: Periodic Activities - Service Documents

The above FIORI apps are used as periodic activities for service documents.

Process Flow – Service Contract with Billing Plan


Start
426
Create Service Contract
Automatic BDR Generation
Create Billing Documents
Check Service Contract (Fiori)
6AK
Recognition
Recognition
Recognition

Create service contract in Fiori UI in *Manage Service Contracts* App. Release the service contract.

A Billing Document Request (BDR) is generated automatically by a batch job depending on periodic billing plan and defined horizon.

Create the invoice from one or more billing document requests.

Check service contract.

Billing plan will show invoice ID and billing status changes.

Once the service contract is released, it is relevant for revenue recognition processing

Check revenue recognition results after billing for service contracts

Use *Run Revenue Recognition* app to execute a revenue recognition run for a fiscal period

Check results from Event-Based Revenue Recognition (EBRR) Run for service contracts

426 - Service Contract Management
6AK - Event-Based Revenue Recognition – Maintenance Service

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Figure 281: Integration with Service Contracts

The above chart explains the interplay between service contract management and event-based revenue recognition.

Time-Based Revenue Recognition which is based on the billing plan

One year service contract with a quarterly billing plan assigned:

Service contract value: $ 3,600
Duration: 5/1/2020 – 5/2/2021
Quarterly billing = $ 3,600 ÷ 4= $ 900
Monthly revenue recognition = $ 900 ÷ 3= $ 300 (based on the recognition rule defined)

Process Steps

Service contract item 10

1) Quarterly Invoice $ 900
1') EBRR for invoice $ 900
2) Revenue Recognition period end May $ 300
3) Revenue Recognition period end June $ 300

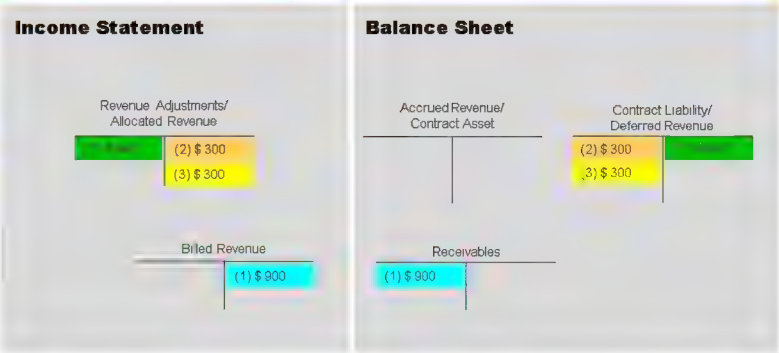
Income Statement
Balance Sheet
Revenue Adjustments/
Allocated Revenue
(2) $ 300
(3) $ 300
Accrued Revenue/
Contract Asset
Contract Liability/
Deferred Revenue
(2) $ 300
(3) $ 300
Billed Revenue
(1) $ 900
Receivables
(1) $ 900

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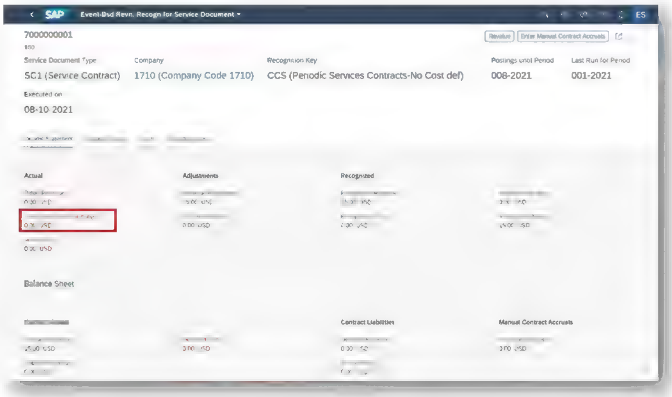
Figure 282: Posting Logic - Service Contract - Periodic Service

The following example shows the posting logic for service contracts.

Enhanced **Revenue Recognition (Event-Based) – Service Documents** to monitor the revenue recognition values for service documents:

- Sales Deduction/Surcharge
- A negative value means that your billed revenue will be reduced (Deduction), whereas a positive value (Surcharge) means that your billed revenue will be increased.


SAP
Event-Bsd Revn. Recogn for Service Document
ES
Revalue
Enter Manual Contract Accruals
Actual
Adjustments
Recognized
Balance Sheet
Contract Liabilities
Manual Contract Accruals

7000000001
100

Service Document Type: SC1 (Service Contract)
Company: 1710 (Company Code 1710)
Recognition Key: CCS (Periodic Services Contracts-No Cost def)
Postings until Period: 008-2021
Last Run for Period: 001-2021
Executed on: 08-10-2021

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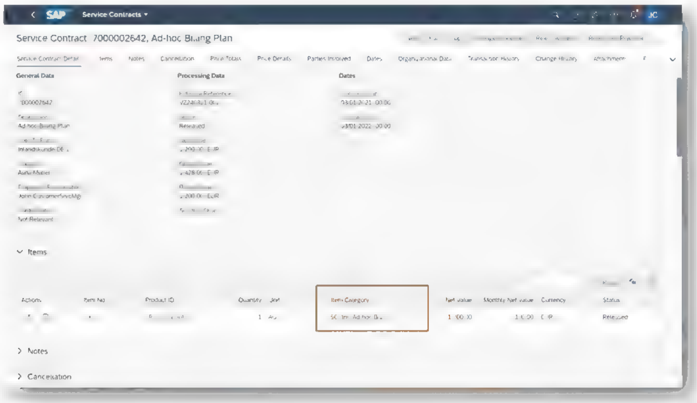
Figure 283: Event-Based Revenue Recognition - Service Documents

In addition to billed and recognized revenues and cost, also sales deductions and surcharges are shown in the monitor app.

To make use of ad-hoc billing in the **Manage Service Contracts** app, you must choose a product and assign it to the item category **SC Itm (Ad-hoc Bill)** (SCN3), which is intended to be used exclusively for ad-hoc billing.



Service Contracts
JC
Items
Notes
Cancellation

Service Contract 7000002642, Ad-hoc Billing Plan

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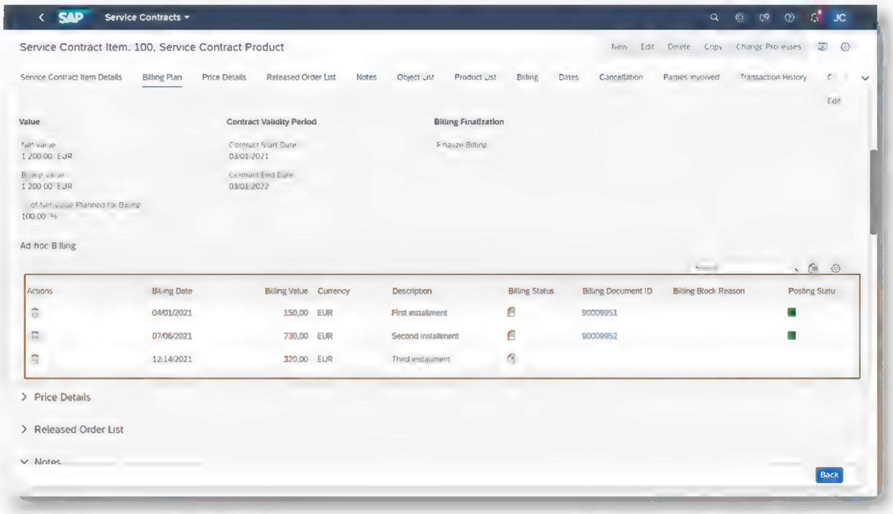
Figure 284: Ad-Hoc Billing for Service Contracts with Event-Based Revenue Recognition

Ad-hoc billing is a structured method of service contract billing that doesn't conform to periodic or milestone billing plan rules, but instead enables you to define billing values and dates freely.



Service Contracts
JC
New
Edit
Delete
Copy
Change Processes
Service Contract Item Details
Billing Plan
Price Details
Released Order List
Notes
Object List
Product List
Billing
Dates
Cancellation
Parties Involved
Transaction History
Edit
Price Details
Released Order List
Notes
Back

Service Contract Item. 100, Service Contract Product

Value

Net Value
1 200.00 EUR

Billing Value
1 200.00 EUR

% of Net Value Planned for Billing
100.00 %

Contract Validity Period

Contract Start Date
03/01/2021

Contract End Date
03/01/2022

Billing Finalization

Finalize Billing

Ad-hoc Billing

Actions	Billing Date	Billing Value	Currency	Description	Billing Status	Billing Document ID	Billing Block Reason	Posting Statu
	04/01/2021	150,00	EUR	First installment		90009951		🟩
	07/06/2021	730,00	EUR	Second installment		90009952		🟩
	12/14/2021	320.00	EUR	Third installment				

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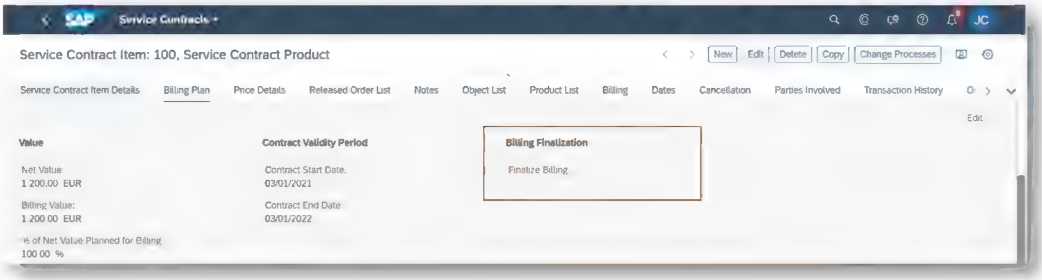
Figure 285: Ad-hoc Billing Plan

You can use an ad-hoc billing plan to define the dates on which billing is to occur and the value that is to be billed. For each billing date, the system generates one billing request line.

In addition, you can optionally specify the settlement period that an individual billing request line covers. Settlement periods on the billing request line can subsequently be used for event-based revenue recognition once the Finalize Billing flag is set. Event-based revenue recognition then takes the settlement periods into account to recognize revenue accordingly.

After you create a billing request line for ad-hoc billing, processing of billing request lines and the subsequent billing process is the same as for the periodic billing plan.

Ad-hoc billing allows a total billing value higher, lower, or equal to your item net value. Therefore, you must use the billing finalization indicator to let the system know that no more billing value is to be planned.


SAP
Service Contracts
JC
New
Edit
Delete
Copy
Change Processes
Service Contract Item Details
Billing Plan
Price Details
Released Order List
Notes
Object List
Product List
Billing
Dates
Cancellation
Parties Involved
Transaction History
O
Edit
Finalize Billing

Service Contract Item: 100, Service Contract Product

Value

Net Value: 1 200,00 EUR

Billing Value: 1 200 00 EUR

% of Net Value Planned for Billing: 100 00 %

Contract Validity Period

Contract Start Date: 03/01/2021

Contract End Date: 03/01/2022

Billing Finalization

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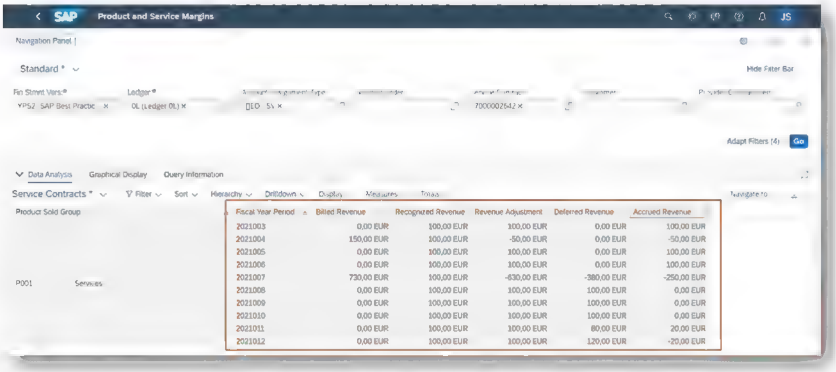
Figure 286: Ad-hoc Billing Plan - Billing Finalization

This also facilitates revenue adjustment and reposting of billed revenue to deferred revenue when the event-based revenue recognition runs. Ensure that all the billing request lines are invoiced when you set the billing finalization indicator. The billing status of the ad-hoc billing item is set to completely billed when you set the indicator. The technically completed status is set automatically when billing is finalized as described above, and when all the invoices have been posted to financial accounting as journal entries.

In the **Product and Service Margin** app you can report revenues resulting from the service contract.


SAP
Product and Service Margins
JS
Navigation Panel
Standard *
Hide Filter Bar
Adapt Filters (4)
Go
Data Analysis
Graphical Display
Query Information
Service Contracts *
Filter
Sort
Hierarchy
Drilldown
Display
Measures
Totals
Navigate to

Fin Stmnt Vers.*: YPS2 SAP Best Practic

Ledger*: 0L (Ledger 0L)

[EO 5\

7000002642

Product Sold Group		Fiscal Year Period	Billed Revenue	Recognized Revenue	Revenue Adjustment	Deferred Revenue	Accrued Revenue
P001	Services	2021003	0,00 EUR	100,00 EUR	100,00 EUR	0,00 EUR	100,00 EUR
		2021004	150,00 EUR	100,00 EUR	-50,00 EUR	0,00 EUR	-50,00 EUR
		2021005	0,00 EUR	100,00 EUR	100,00 EUR	0,00 EUR	100,00 EUR
		2021006	0,00 EUR	100,00 EUR	100,00 EUR	0,00 EUR	100,00 EUR
		2021007	730,00 EUR	100,00 EUR	-630,00 EUR	-380,00 EUR	-250,00 EUR
		2021008	0,00 EUR	100,00 EUR	100,00 EUR	100,00 EUR	0,00 EUR
		2021009	0,00 EUR	100,00 EUR	100,00 EUR	100,00 EUR	0,00 EUR
		2021010	0,00 EUR	100,00 EUR	100,00 EUR	100,00 EUR	0,00 EUR
		2021011	0,00 EUR	100,00 EUR	100,00 EUR	80,00 EUR	20,00 EUR
		2021012	0,00 EUR	100,00 EUR	100,00 EUR	120,00 EUR	-20,00 EUR

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Figure 287: Product and Service Margins for Service Contract with Ad-hoc Billing Plan

There are various analytics apps available to report revenue and cost based on service documents.

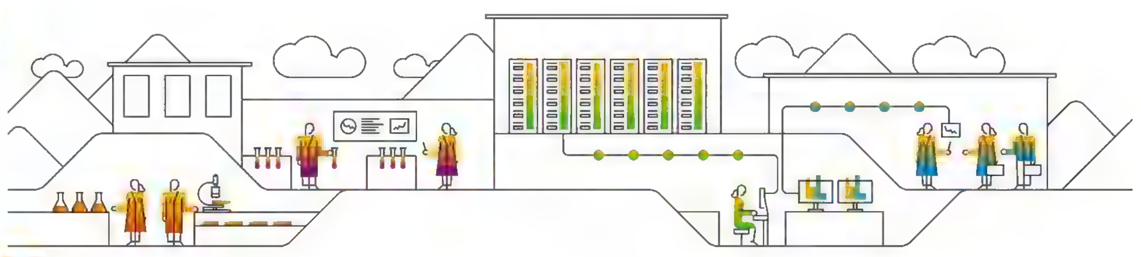
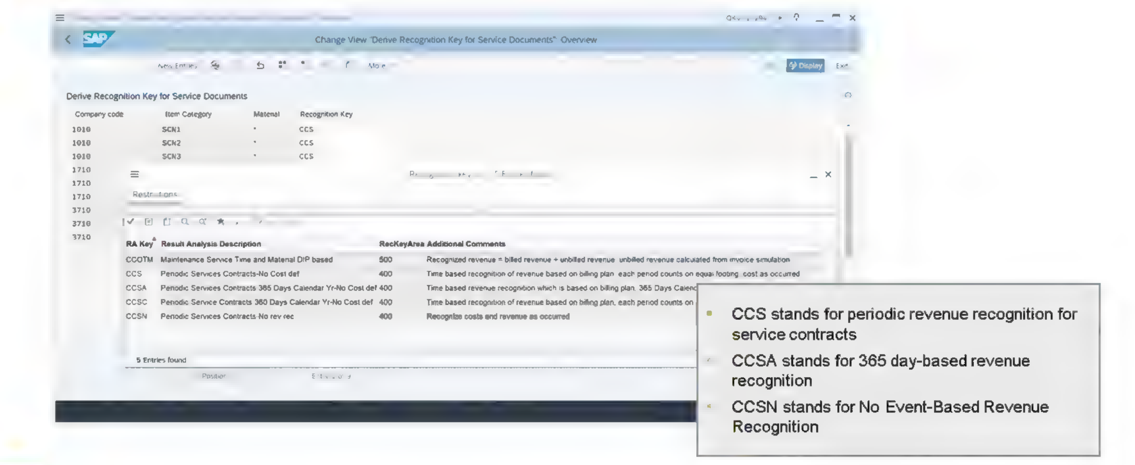


Figure 288: How to Configure


Change View "Derive Recognition Key for Service Documents" Overview
New Entries
More
Display
Exit
Restrictions
Position

Derive Recognition Key for Service Documents

Company code	Item Category	Material	Recognition Key
1010	SCN1	*	CCS
1010	SCN2	*	CCS
1010	SCN3	*	CCS
1710			
1710			
1710			
3710			
3710			
3710			

RA Key	Result Analysis Description	RecKeyArea	Additional Comments
CCOTM	Maintenance Service Time and Material DIP based	500	Recognized revenue = billed revenue + unbilled revenue. unbilled revenue calculated from invoice simulation
CCS	Periodic Services Contracts-No Cost def	400	Time based recognition of revenue based on billing plan. each period counts on equal footing. cost as occurred
CCSA	Periodic Services Contracts 365 Days Calendar Yr-No Cost def	400	Time based revenue recognition which is based on billing plan. 365 Days Calend
CCSC	Periodic Service Contracts 360 Days Calendar Yr-No Cost def	400	Time based recognition of revenue based on billing plan, each period counts on
CCSN	Periodic Services Contracts-No rev rec	400	Recognize costs and revenue as occurred

5 Entries found

- CCS stands for periodic revenue recognition for service contracts
- CCSA stands for 365 day-based revenue recognition
- CCSN stands for No Event-Based Revenue Recognition

Figure 289: Revenue Recognition Configuration for Service Documents

In Customizing, you can maintain the derivation of revenue recognition keys:

Controlling → Product Cost Controlling → Cost Object Controlling → Product Cost by Sales Order → Period-End Closing → Event-Based Revenue Recognition → Derivation of Recognition Key for Service Documents

You can:

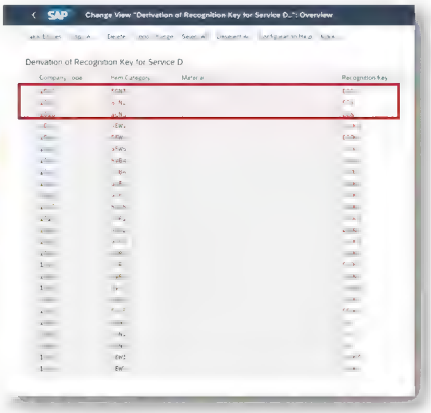
- Assign recognition key to item category and optional for certain materials
- Unassign recognition key to deactivate Event-Based Revenue Recognition for the maintained entries, validate only for the new service documents
- Delete wrongly created entries, validate only for the new service documents

The following keys are for example supported:

- Periodic Revenue Recognition Method (CCS): Time-based recognition of revenue based on a billing plan; each period counted on an equal footing, and costs are recognized as they occur
- 365-Day-Based Revenue Recognition Method (CCSA): Revenue is recognized based on the actual number of days covered per period by the service contract. The calculation is based on a 365 day calendar year.
- No Revenue Recognition Method (CCSN): Costs and revenues are recognized as they occur

The recognition key CCSC allows to recognize revenue for service contract items based on billing plan with a 360 days calendar year. The costs are recognized as occurred.

Recognition Key	Description
CCS	Periodic Services Contracts
CCSA	365 Day-Based Revenue Recognition
CCSC	360 Day-Based Revenue Recognition
CCSN	Periodic Services Contracts: No Event-Based Revenue Recognition


SAP
Change View "Derivation of Recognition Key for Service D...": Overview
Derivation of Recognition Key for Service D
Company Code
Item Category
Material
Recognition Key

Configuration Object *Derivation of Revenue Recognition Key for Service Documents*

Figure 290: Recognition Key CCSC - 360 Days Calendar Year

A service contract runs from July 10, 2021 to January 10, 2022 with a quarterly billing plan assigned. The net value of the service contract item is 600 USD. The recognition key CCSC has been assigned to the service contract item.

Period	**07/31**	**08/31**	**09/30**	**10/31**	**11/30**	**12/31**	**01/31**
Recognized Revenue (USD)	70	100	100	100	100	100	30

Figure 291: Recognition Key CCSC - 360 Days Calendar Year

This is based on the following formula:

Formula: No. days = (Y2 - Y1) * 360 + (M2 - M1) * 30 + (F(D2) -F(D1)) + 1, F(D) = 30 if D is last day of February, else F(D) = min(D,30)

Recognized Revenue in July = number of days in the respective period / number of days of the settlement period * net value of the settlement period= 21/90*300=70 USD

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Figure 292: Integration with Service Contracts

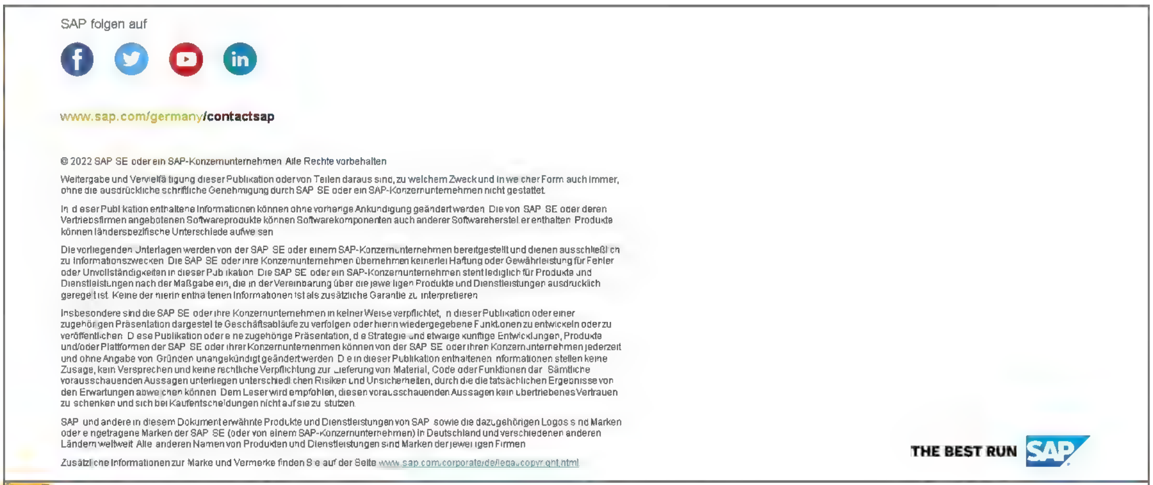

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Figure 293: Integration with Service Contracts

Universal Parallel Accounting

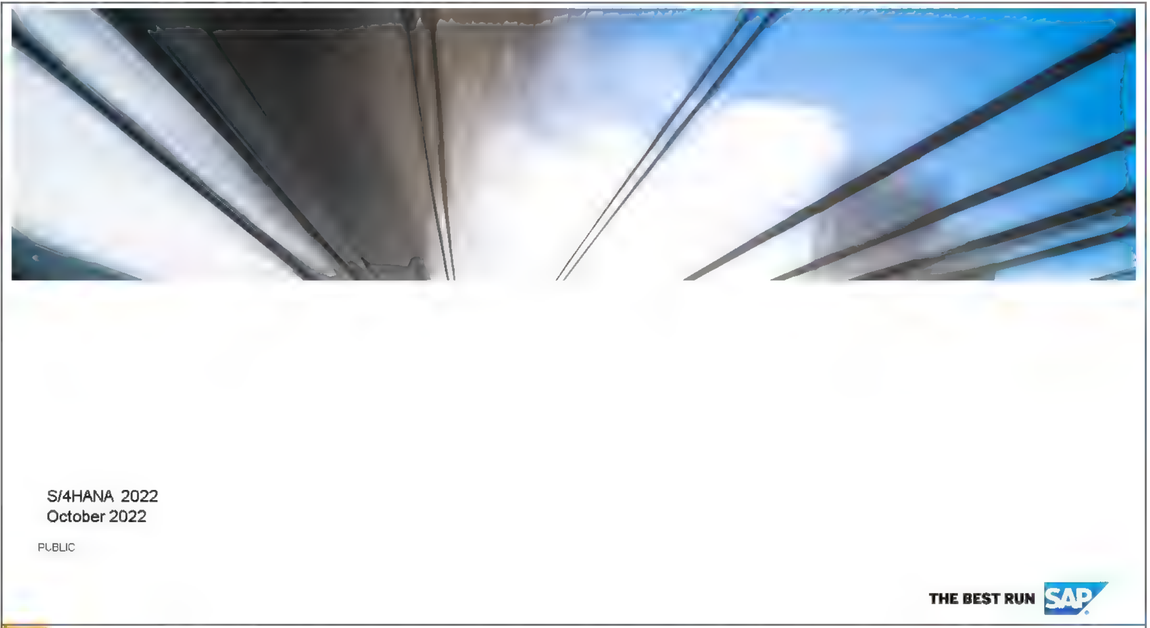

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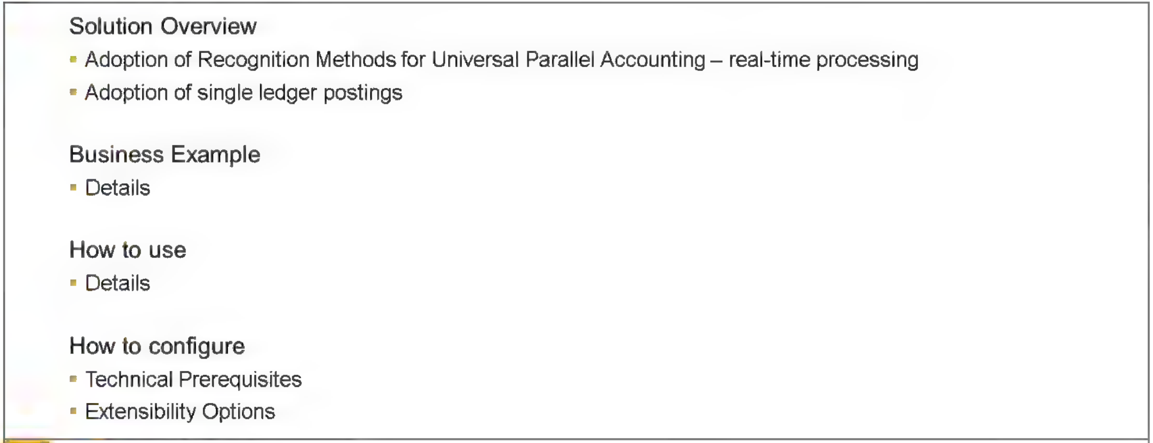
Figure 294: Event-Based Revenue RecognitionSupport of Universal Parallel Accounting



Solution Overview

- Adoption of Recognition Methods for Universal Parallel Accounting – real-time processing
- Adoption of single ledger postings

Business Example

- Details

How to use

- Details

How to configure

- Technical Prerequisites
- Extensibility Options

Figure 295: Agenda

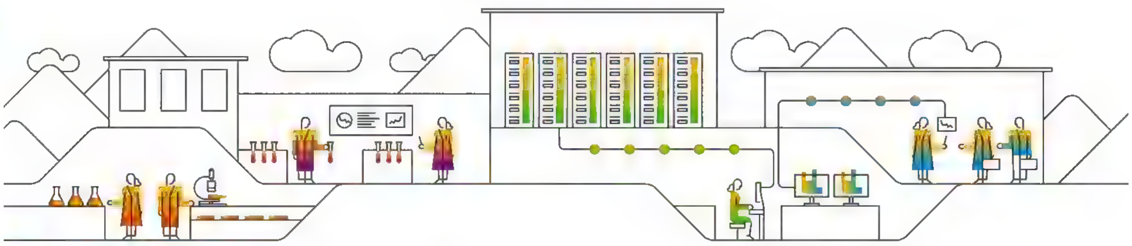


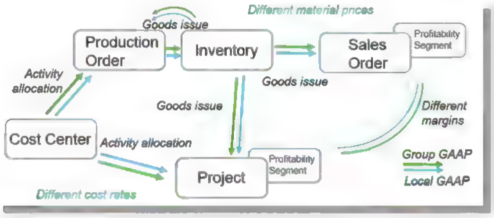
Figure 296: Solution Overview

Scope

- Support of parallel valuation with Universal Parallel Accounting for accounting principle specific cost rates or material prices
- Adoption of cost-based and revenue-based Percentage of Completion method for real-time processing – support of other whitelisted Recognition Keys for UPA
- Adoption of single ledger postings for Universal Parallel Accounting

Benefits

- Costs, revenues, WIP or margin reflect the different GAAP valuations


Different material prices
Goods issue
Production Order
Inventory
Sales Order
Profitability Segment
Activity allocation
Goods issue
Goods issue
Different margins
Cost Center
Activity allocation
Project
Profitability Segment
Group GAAP
Local GAAP
Different cost rates

*requires activation of business function FINS PARALLEL_ACCOUNTING BF

Figure 297: Solution Overview: Universal Parallel Accounting (UPA)*

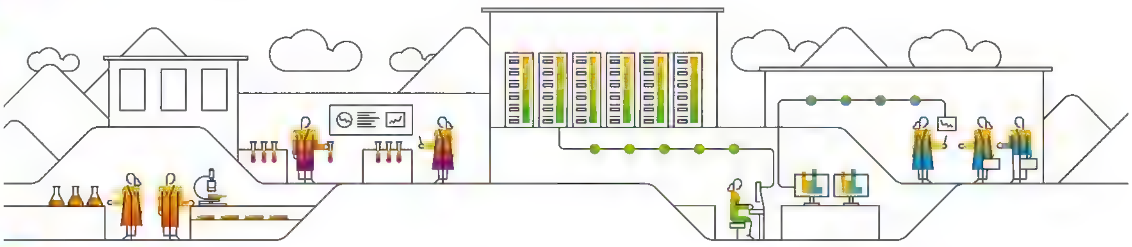
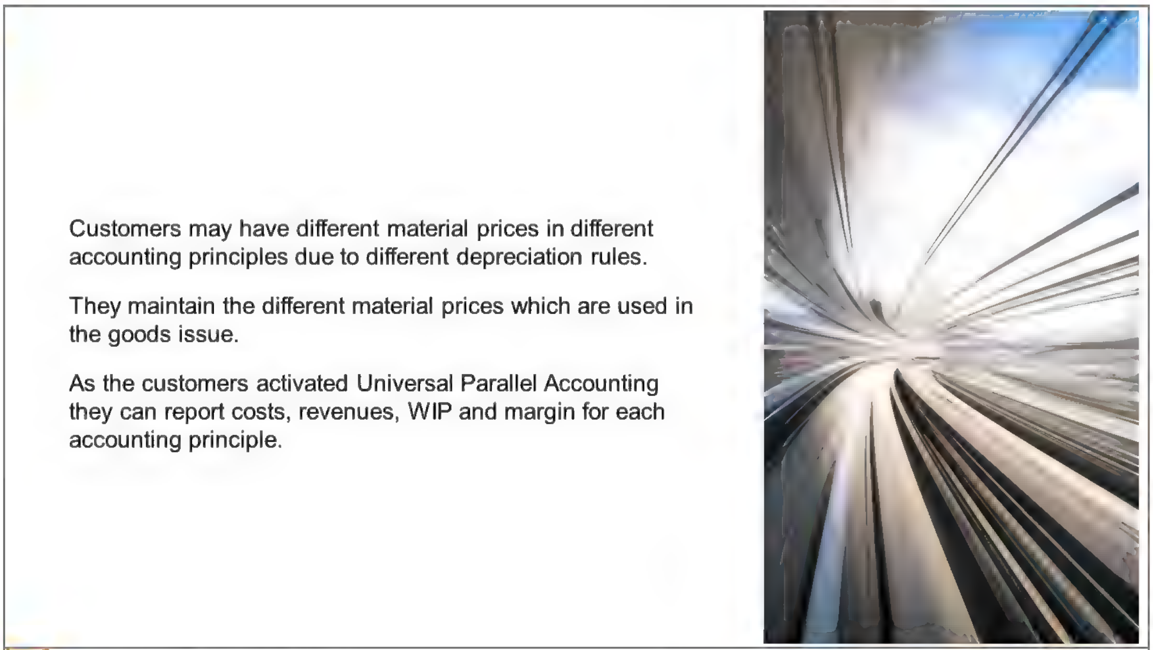


Figure 298: Business Example

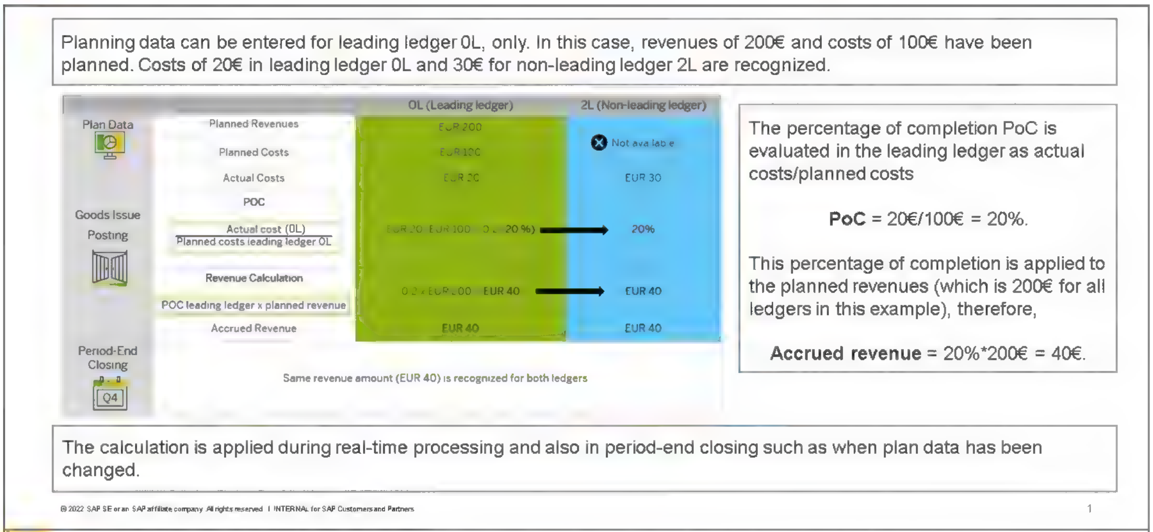


Customers may have different material prices in different accounting principles due to different depreciation rules.

They maintain the different material prices which are used in the goods issue.

As the customers activated Universal Parallel Accounting they can report costs, revenues, WIP and margin for each accounting principle.

Figure 299: Business Example



Planning data can be entered for leading ledger 0L, only. In this case, revenues of 200€ and costs of 100€ have been planned. Costs of 20€ in leading ledger 0L and 30€ for non-leading ledger 2L are recognized.

		0L (Leading ledger)	2L (Non-leading ledger)
Plan Data	Planned Revenues	EUR 200	⊗ Not available
	Planned Costs	EUR 100	
	Actual Costs	EUR 20	EUR 30
Goods Issue Posting	POC Actual cost (0L) / Planned costs leading ledger 0L	EUR 20 / EUR 100 (0.2 = 20 %) →	20%
	Revenue Calculation POC leading ledger x planned revenue	0.2 x EUR 200 = EUR 40 →	EUR 40
Period-End Closing	Accrued Revenue	EUR 40	EUR 40

Same revenue amount (EUR 40) is recognized for both ledgers

The percentage of completion PoC is evaluated in the leading ledger as actual costs/planned costs

PoC = 20€/100€ = 20%.

This percentage of completion is applied to the planned revenues (which is 200€ for all ledgers in this example), therefore,

Accrued revenue = 20%*200€ = 40€.

The calculation is applied during real-time processing and also in period-end closing such as when plan data has been changed.

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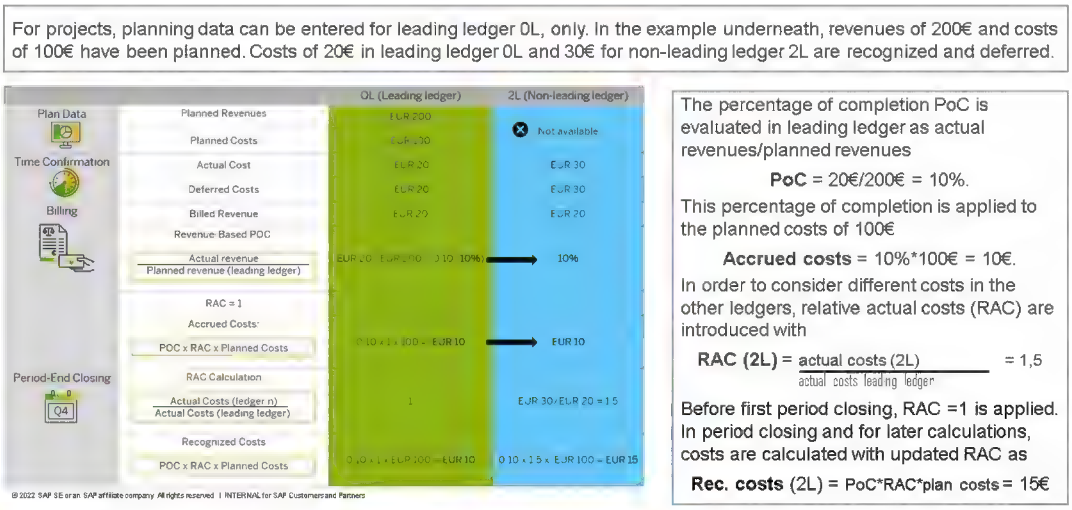
Figure 300: Cost-Based Percentage of Completion: Adoption to Parallel AccountingProjects



For projects, planning data can be entered for leading ledger 0L, only. In the example underneath, revenues of 200€ and costs of 100€ have been planned. Costs of 20€ in leading ledger 0L and 30€ for non-leading ledger 2L are recognized and deferred.

		0L (Leading ledger)	2L (Non-leading ledger)
Plan Data	Planned Revenues	EUR 200	Not available
	Planned Costs	EUR 100	
Time Confirmation	Actual Cost	EUR 20	EUR 30
	Deferred Costs	EUR 20	EUR 30
Billing	Billed Revenue	EUR 20	EUR 20
	Revenue Based POC Actual revenue / Planned revenue (leading ledger)	EUR 20 / EUR 200 = 0.10 (10%) →	10%
	RAC = 1 Accrued Costs: POC x RAC x Planned Costs	0.10 x 1 x 100 = EUR 10 →	EUR 10
Period-End Closing	RAC Calculation Actual Costs (ledger n) / Actual Costs (leading ledger)	1	EUR 30 / EUR 20 = 1.5
	Recognized Costs POC x RAC x Planned Costs	0.10 x 1 x EUR 100 = EUR 10	0.10 x 1.5 x EUR 100 = EUR 15

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The percentage of completion PoC is evaluated in leading ledger as actual revenues/planned revenues

PoC = 20€/200€ = 10%.

This percentage of completion is applied to the planned costs of 100€

Accrued costs = 10%*100€ = 10€.

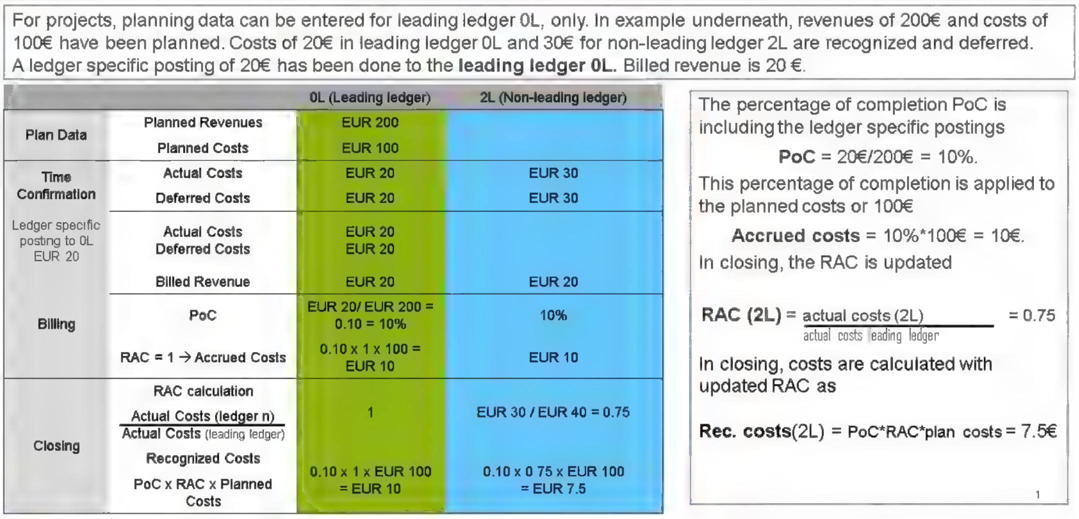
In order to consider different costs in the other ledgers, relative actual costs (RAC) are introduced with

RAC (2L) = $\frac{\text{actual costs (2L)}}{\text{actual costs leading ledger}}$ = 1,5

Before first period closing, RAC =1 is applied. In period closing and for later calculations, costs are calculated with updated RAC as

Rec. costs (2L) = PoC*RAC*plan costs = 15€

Figure 301: Revenue-Based Percentage of Completion: Adoption to Parallel AccountingProjects



For projects, planning data can be entered for leading ledger 0L, only. In example underneath, revenues of 200€ and costs of 100€ have been planned. Costs of 20€ in leading ledger 0L and 30€ for non-leading ledger 2L are recognized and deferred. A ledger specific posting of 20€ has been done to the **leading ledger 0L**. Billed revenue is 20 €.

		0L (Leading ledger)	2L (Non-leading ledger)
Plan Data	Planned Revenues	EUR 200	
	Planned Costs	EUR 100	
Time Confirmation	Actual Costs	EUR 20	EUR 30
	Deferred Costs	EUR 20	EUR 30
Ledger specific posting to 0L EUR 20	Actual Costs Deferred Costs	EUR 20 EUR 20	
	Billed Revenue	EUR 20	EUR 20
Billing	PoC	EUR 20/ EUR 200 = 0.10 = 10%	10%
	RAC = 1 → Accrued Costs	0.10 x 1 x 100 = EUR 10	EUR 10
Closing	RAC calculation Actual Costs (ledger n) / Actual Costs (leading ledger)	1	EUR 30 / EUR 40 = 0.75
	Recognized Costs PoC x RAC x Planned Costs	0.10 x 1 x EUR 100 = EUR 10	0.10 x 0.75 x EUR 100 = EUR 7.5

The percentage of completion PoC is including the ledger specific postings

PoC = 20€/200€ = 10%.

This percentage of completion is applied to the planned costs or 100€

Accrued costs = 10%*100€ = 10€.

In closing, the RAC is updated

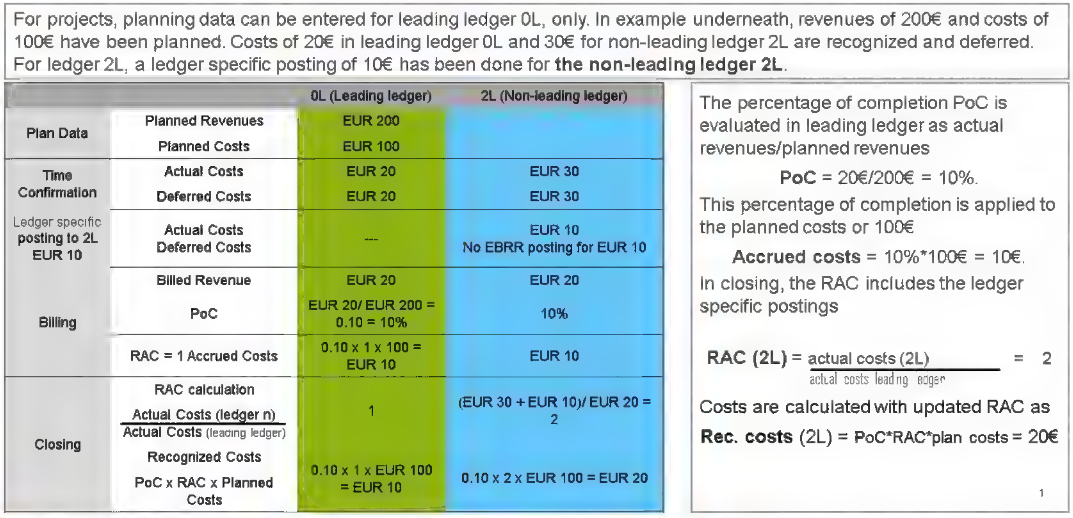
RAC (2L) = $\frac{\text{actual costs (2L)}}{\text{actual costs leading ledger}}$ = 0.75

In closing, costs are calculated with updated RAC as

Rec. costs(2L) = PoC*RAC*plan costs = 7.5€

1

Figure 302: Single Ledger Postings: Leading LedgerExample I for Revenue-Based Percentage of Completion



For projects, planning data can be entered for leading ledger 0L, only. In example underneath, revenues of 200€ and costs of 100€ have been planned. Costs of 20€ in leading ledger 0L and 30€ for non-leading ledger 2L are recognized and deferred. For ledger 2L, a ledger specific posting of 10€ has been done for **the non-leading ledger 2L**.

		0L (Leading ledger)	2L (Non-leading ledger)
Plan Data	Planned Revenues	EUR 200	
	Planned Costs	EUR 100	
Time Confirmation	Actual Costs	EUR 20	EUR 30
	Deferred Costs	EUR 20	EUR 30
Ledger specific posting to 2L EUR 10	Actual Costs Deferred Costs	---	EUR 10 No EBRR posting for EUR 10
Billing	Billed Revenue	EUR 20	EUR 20
	PoC	EUR 20/ EUR 200 = 0.10 = 10%	10%
	RAC = 1 Accrued Costs	0.10 x 1 x 100 = EUR 10	EUR 10
Closing	RAC calculation Actual Costs (ledger n) / Actual Costs (leading ledger)	1	(EUR 30 + EUR 10)/ EUR 20 = 2
	Recognized Costs PoC x RAC x Planned Costs	0.10 x 1 x EUR 100 = EUR 10	0.10 x 2 x EUR 100 = EUR 20

The percentage of completion PoC is evaluated in leading ledger as actual revenues/planned revenues

PoC = 20€/200€ = 10%.

This percentage of completion is applied to the planned costs or 100€

Accrued costs = 10%*100€ = 10€.

In closing, the RAC includes the ledger specific postings

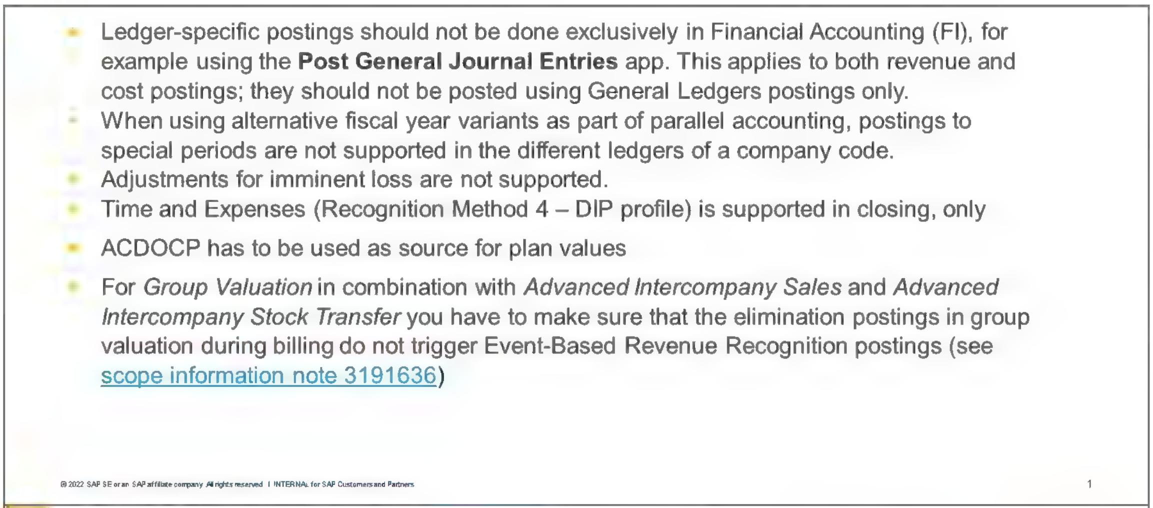
RAC (2L) = $\frac{\text{actual costs (2L)}}{\text{actual costs leading ledger}}$ = 2

Costs are calculated with updated RAC as

Rec. costs (2L) = PoC*RAC*plan costs = 20€

1

Figure 303: Single Ledger Postings: Non-Leading LedgerExample II for Revenue-Based Percentage of Completion



- Ledger-specific postings should not be done exclusively in Financial Accounting (FI), for example using the **Post General Journal Entries** app. This applies to both revenue and cost postings; they should not be posted using General Ledgers postings only.
- When using alternative fiscal year variants as part of parallel accounting, postings to special periods are not supported in the different ledgers of a company code.
- Adjustments for imminent loss are not supported.
- Time and Expenses (Recognition Method 4 – DIP profile) is supported in closing, only
- ACDOCP has to be used as source for plan values
- For *Group Valuation* in combination with *Advanced Intercompany Sales* and *Advanced Intercompany Stock Transfer* you have to make sure that the elimination postings in group valuation during billing do not trigger Event-Based Revenue Recognition postings (see scope information note 3191636)

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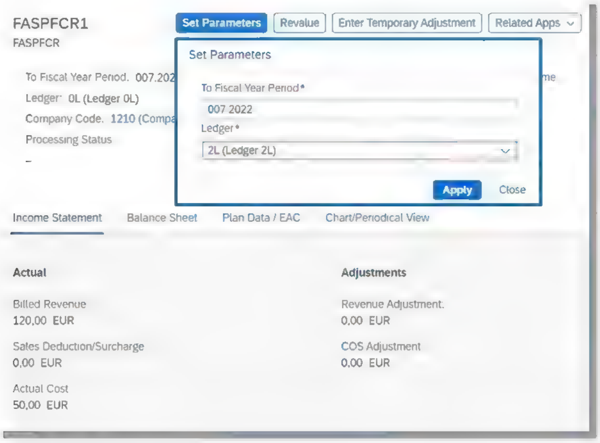
Figure 304: Specific Aspects

Figure 305: How to Use

The user can follow the usual project processes. Only for planning, they have to use APP Import Financial Plan Data. Classical planning functions are not supported.

In order to monitor accounting principle dependent values, they are viewing costs, revenues, WIP or margin by accounting principle.

In the picture on the right hand side, the user is switching in the APP Event-Based Recognition - Projects from Ledger 0L to Ledger 2L to analyze the values.



To Fiscal Year Period. 007.202

Ledger: 0L (Ledger 0L)

Company Code. 1210 (Compa

Processing Status

–

Set Parameters

To Fiscal Year Period*

007 2022

Ledger*

2L (Ledger 2L)

Actual

Billed Revenue

120,00 EUR

Sales Deduction/Surcharge

0,00 EUR

Actual Cost

50,00 EUR

Adjustments

Revenue Adjustment.

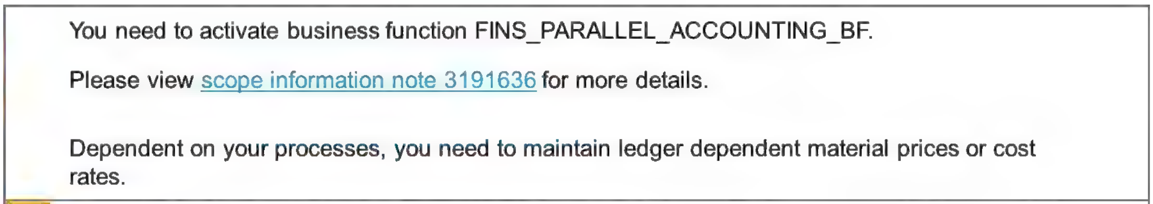
0,00 EUR

COS Adjustment

0,00 EUR

Figure 306: How to Use

Figure 307: How to Configure



You need to activate business function FINS_PARALLEL_ACCOUNTING_BF.

Please view scope information note 3191636 for more details.

Dependent on your processes, you need to maintain ledger dependent material prices or cost rates.

Figure 308: How to ConfigureActivation of Business Function

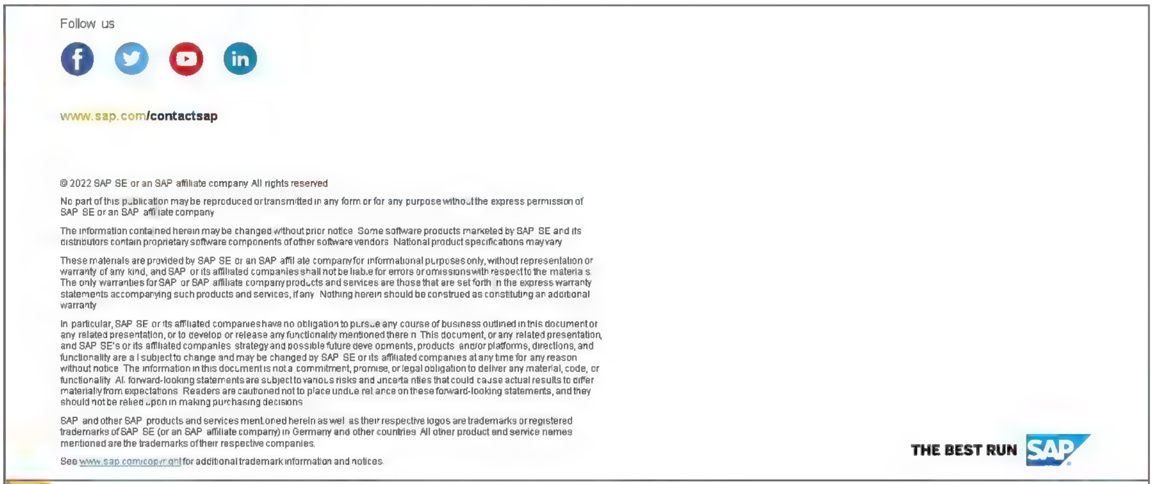


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Figure 309: Universal Parallel Accounting

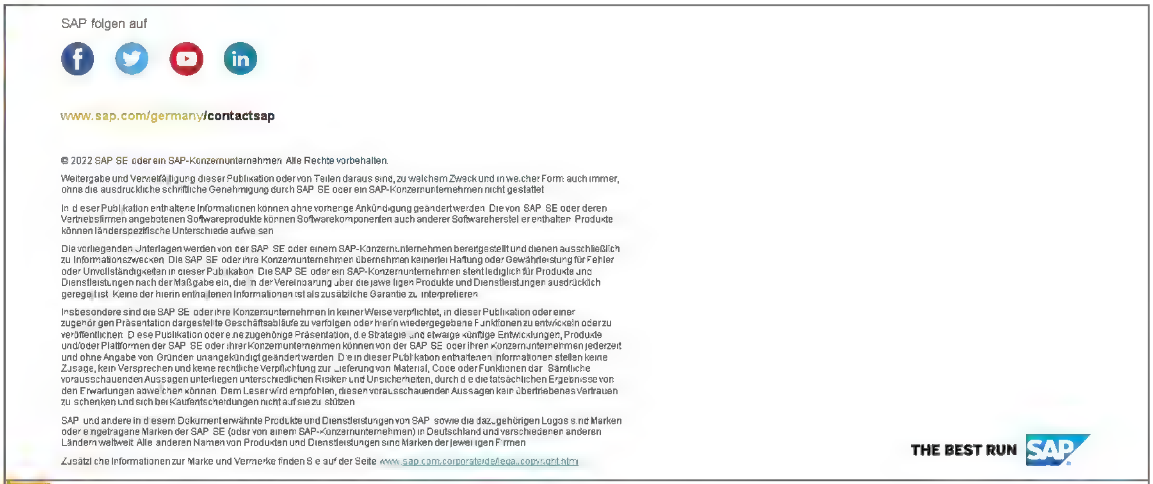

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Figure 310: Universal Parallel Accounting

Integration with Maintenance Service Order

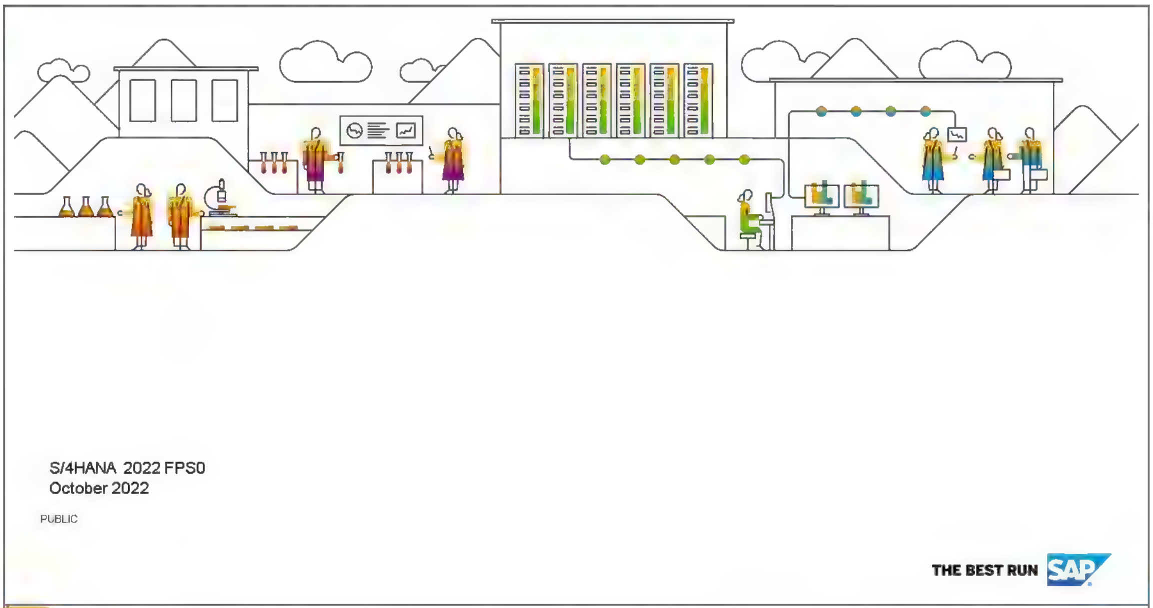

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Figure 311: Event-Based Revenue RecognitionIntegration with Maintenance Service Order

Solution Overview

Business Example

How to Use
- Process Flow and Apps

How to Configure
- Revenue Recognition Keys

Figure 312: Agenda

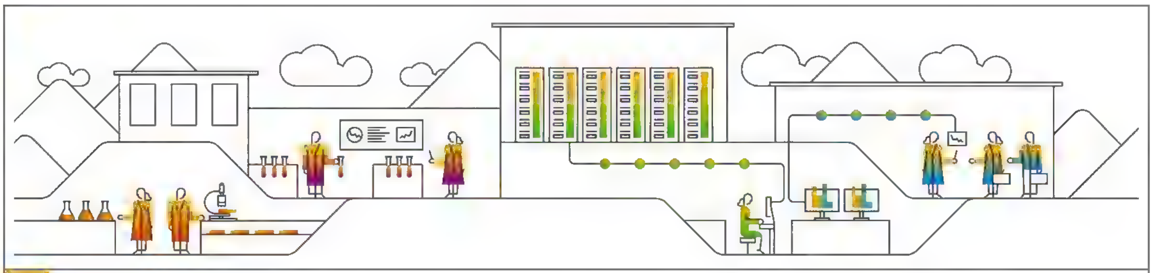
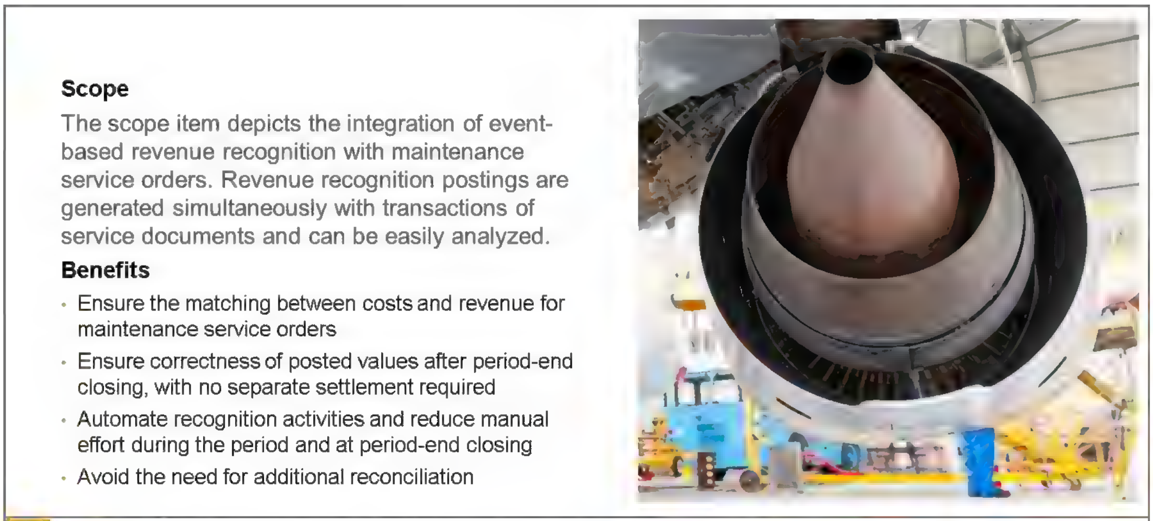


Figure 313: Solution Overview



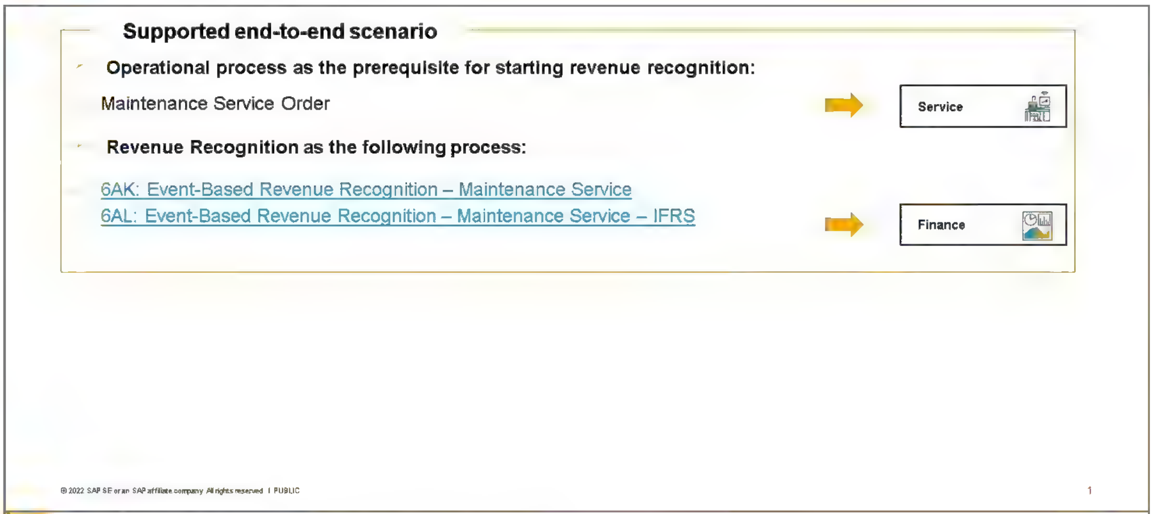
Scope

The scope item depicts the integration of event-based revenue recognition with maintenance service orders. Revenue recognition postings are generated simultaneously with transactions of service documents and can be easily analyzed.

Benefits

- Ensure the matching between costs and revenue for maintenance service orders
- Ensure correctness of posted values after period-end closing, with no separate settlement required
- Automate recognition activities and reduce manual effort during the period and at period-end closing
- Avoid the need for additional reconciliation

Figure 314: Solution Overview: Maintenance Service Orders



Supported end-to-end scenario

Operational process as the prerequisite for starting revenue recognition:

Maintenance Service Order

Service

Revenue Recognition as the following process:

6AK: Event-Based Revenue Recognition – Maintenance Service

6AL: Event-Based Revenue Recognition – Maintenance Service – IFRS

Finance

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Figure 315: Revenue Recognition for Service Contacts

Event-Based Revenue Recognition allows you to manage revenue recognition for maintenance service orders and service contracts.

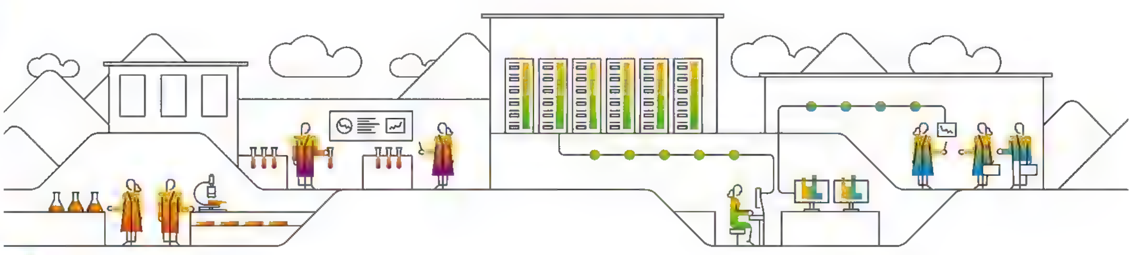
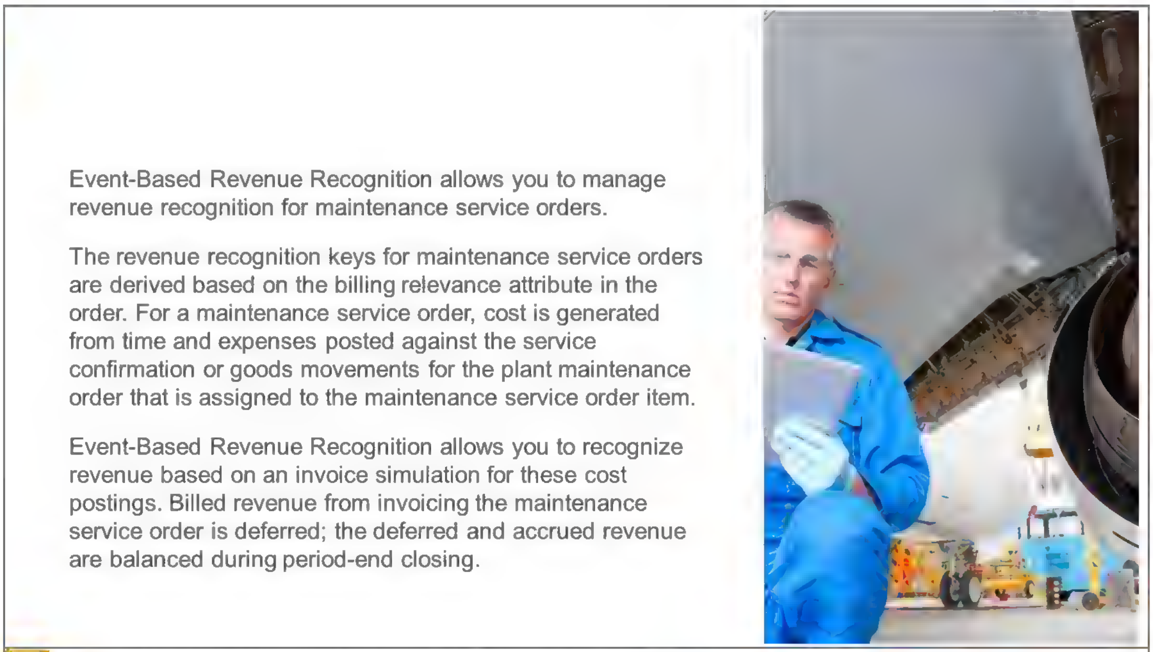


Figure 316: Business Example



Event-Based Revenue Recognition allows you to manage revenue recognition for maintenance service orders.

The revenue recognition keys for maintenance service orders are derived based on the billing relevance attribute in the order. For a maintenance service order, cost is generated from time and expenses posted against the service confirmation or goods movements for the plant maintenance order that is assigned to the maintenance service order item.

Event-Based Revenue Recognition allows you to recognize revenue based on an invoice simulation for these cost postings. Billed revenue from invoicing the maintenance service order is deferred; the deferred and accrued revenue are balanced during period-end closing.

Figure 317: Integration with Maintenance Service Order Business Example

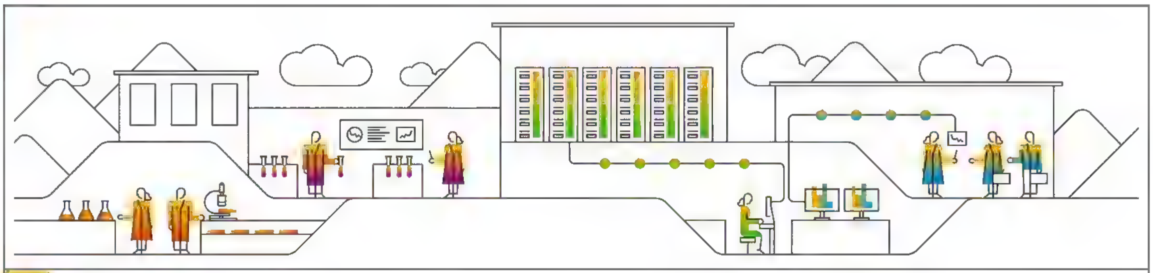


Figure 318: How to Use

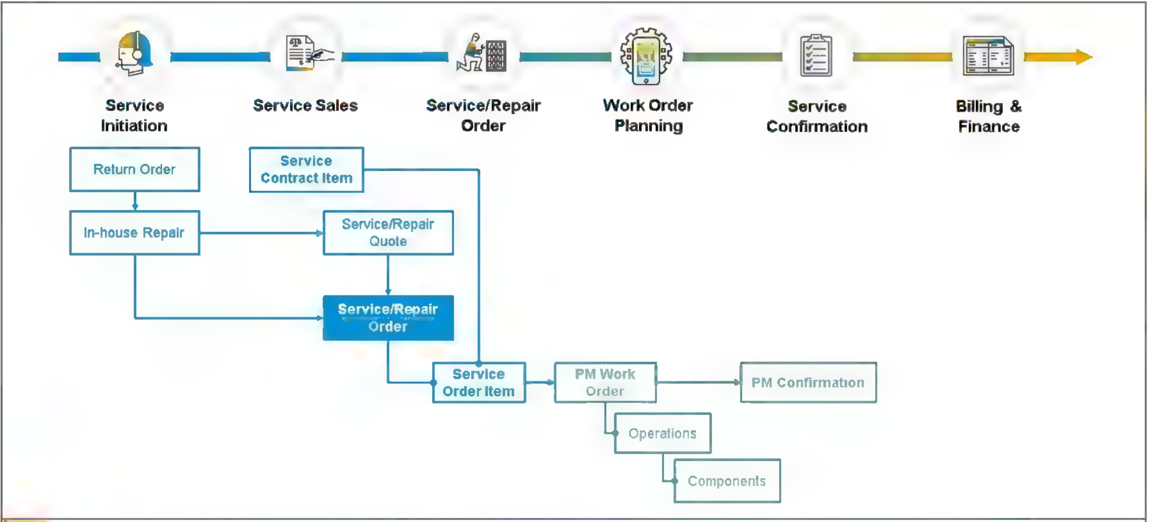

Service Initiation
Service Sales
Service/Repair Order
Work Order Planning
Service Confirmation
Billing & Finance
Return Order
Service Contract Item
In-house Repair
Service/Repair Quote
Service/Repair Order
Service Order Item
PM Work Order
PM Confirmation
Operations
Components

Figure 319: Maintenance Service - Service & Repair Process Overview

You can use a maintenance service order to create and manage a service agreed by a service provider and a service recipient. This service order can be integrated with a plant maintenance order. Maintenance service orders contain all the information required to plan, execute, and bill a maintenance service.

The integration with Event-Based Revenue Recognition allows you to recognize costs and revenues for maintenance service orders in real-time: costs that are posted on a maintenance order result in a real-time revenue recognition posting on the respective maintenance service order.

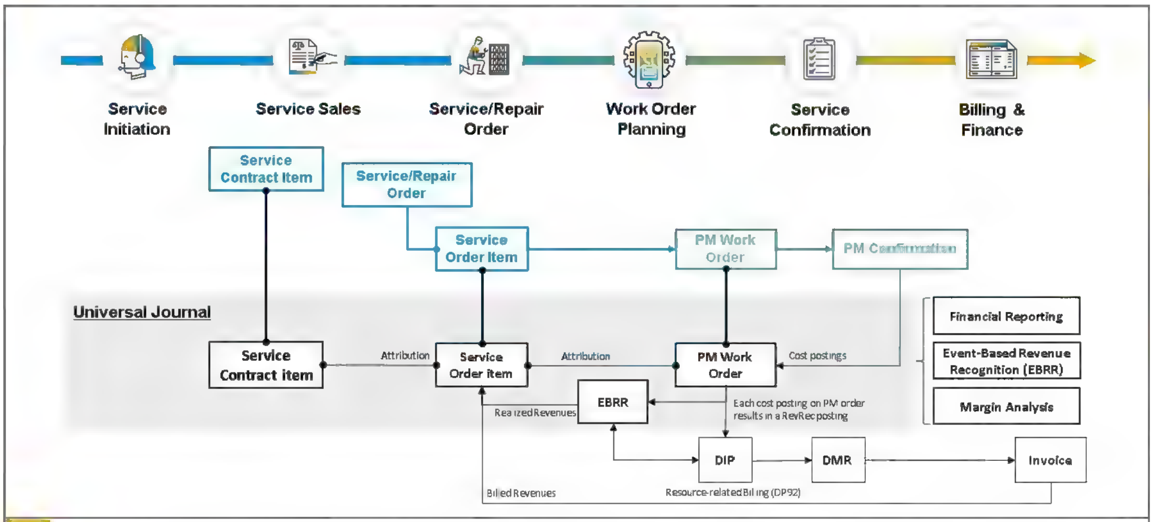

Service Initiation
Service Sales
Service/Repair Order
Work Order Planning
Service Confirmation
Billing & Finance
Service Contract Item
Service/Repair Order
Service Order Item
PM Work Order
PM Confirmation
Universal Journal
Service Contract item
Attribution
Service Order item
Attribution
PM Work Order
Cost postings
Financial Reporting
Event-Based Revenue Recognition (EBRR)
Margin Analysis
EBRR
Realized Revenues
Each cost posting on PM order results in a RevRec posting
DIP
DMR
Invoice
Billed Revenues
Resource-related Billing (DP92)

Figure 320: Maintenance Service - Finance Process Overview

On the Finance side this looks like as following:

The service order has its own controlling object, as does the contract for potential billing plan revenues. The plant maintenance (PM) order as well still has its own controlling object to collect the cost, the posting on the PM order will however always attribute the service order item, which is assigned to the PM order.

In similar fashion the service order can carry contract as an attribute.

You can learn more about what this means on the next slides.

Dynamic Item Processing (DIP) is connected with billing and Event-Based Revenue Recognition will always create its real time revenue postings with the PM order costs.

Revenue recognition and actual revenues are posted to the service order with the invoice.

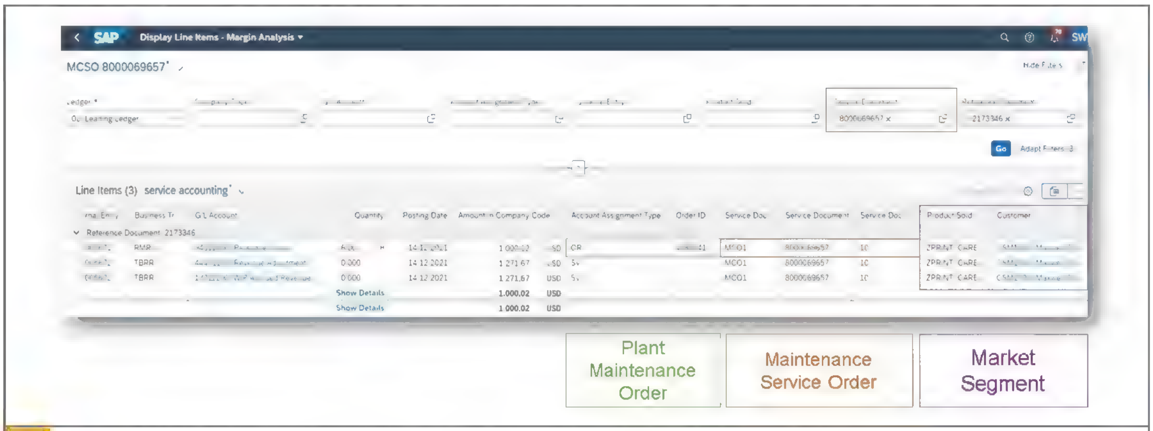
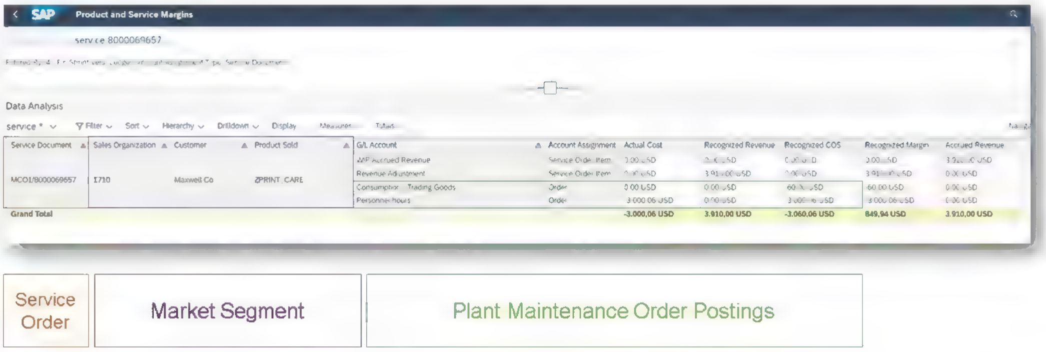

SAP
Display Line Items - Margin Analysis
MCSO 8000069657
Line Items (3) service accounting
Go
Plant Maintenance Order
Maintenance Service Order
Market Segment

Figure 321: Maintenance ServiceExample - Time confirmation on PM Work Order

- A time confirmation on a PM order 4080041 leads to a revenue recognition posting on the service order

- The revenue recognition postings on the service order happens real-time as a secondary posting. It has the same reference document.
- Reporting is based on the service order. All postings on the PM order have the service order as attribute; (service contracts are attributed too)
- All postings are attributed with the market segment, defined by the service order
- The matching principle is ensured for every posting - cost and revenues - on revenue carrying cost objects with event-based revenue recognition.


SAP
Product and Service Margins
service 8000069657
Data Analysis
service *
Filter
Sort
Hierarchy
Drilldown
Display
Measures
Totals
Service Order
Market Segment
Plant Maintenance Order Postings

Service Document	Sales Organization	Customer	Product Sold	G/L Account	Account Assignment	Actual Cost	Recognized Revenue	Recognized COS	Recognized Margin	Accrued Revenue
MCO1/8000069657	1710	Maxwell Co	ZPRINT_CARE	WIP Accrued Revenue	Service Order Item	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
				Revenue Adjustment	Service Order Item	[illegible]	[illegible]	[illegible]	[illegible]	0,00 USD
				Consumption - Trading Goods	Order	0,00 USD	[illegible]	[illegible]	-60,00 USD	[illegible]
				Personnel hours	Order	-3.000,06 USD	[illegible]	[illegible]	-3.000,06 USD	[illegible]
Grand Total						-3.000,06 USD	3.910,00 USD	-3.060,06 USD	849,94 USD	3.910,00 USD

Figure 322: Maintenance Service Example - Margins Report for Maintenance Service

- The screen shot above shows the financial reporting based on service document 8000069657.
- PM Order postings (e.g. time confirmations, material consumptions) are available in the service order reporting.
- All postings are attributed with the market segment, defined by the service order.
- Real-time margin reporting is enabled as EBRR ensures the matching principle for every posting.

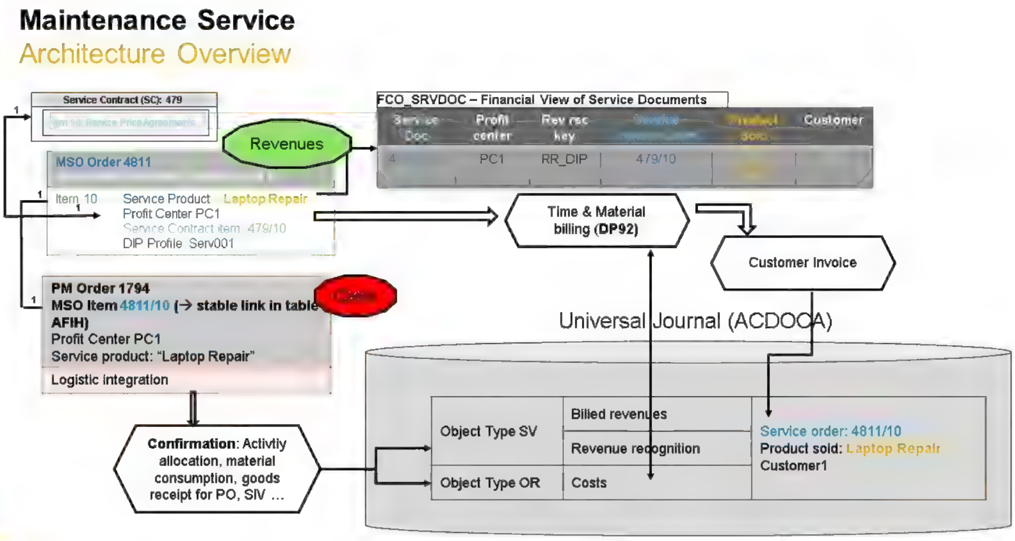
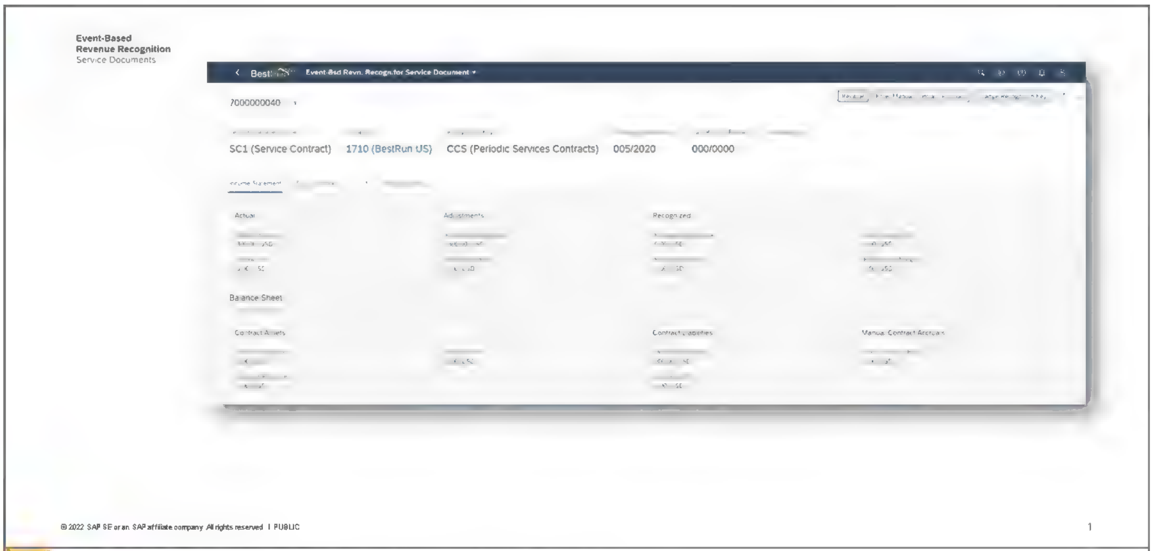

Maintenance Service
Architecture Overview
Service Contract (SC): 479
Revenues
MSO Order 4811
Item 10
Service Product Laptop Repair
Profit Center PC1
Service Contract item 479/10
DIP Profile Serv001
FCO_SRVDOC – Financial View of Service Documents
Service Doc
Profit center
Rev rec key
Customer
4
PC1
RR_DIP
479/10
Time & Material billing (DP92)
Customer Invoice
PM Order 1794
MSO Item 4811/10 (→ stable link in table AFIH)
Profit Center PC1
Service product: "Laptop Repair"
Logistic integration
Universal Journal (ACDOCA)
Confirmation: Activtiy allocation, material consumption, goods receipt for PO, SIV ...
Object Type SV
Billed revenues
Revenue recognition
Object Type OR
Costs
Service order: 4811/10
Product sold: Laptop Repair
Customer1
1
1
1
1

Figure 323: Integration with Maintenance Service Order

The above chart outlines the architectural components involved in the maintenance service process.



Event-Based
Revenue Recognition
Service Documents

BestRun
Event-Bsd Revn. Recogn.for Service Document

7000000040

SC1 (Service Contract) 1710 (BestRun US) CCS (Periodic Services Contracts) 005/2020 000/0000

Actual
Adjustments
Recognized
Balance Sheet
Contract Assets
Contract Liabilities
Manual Contract Accruals

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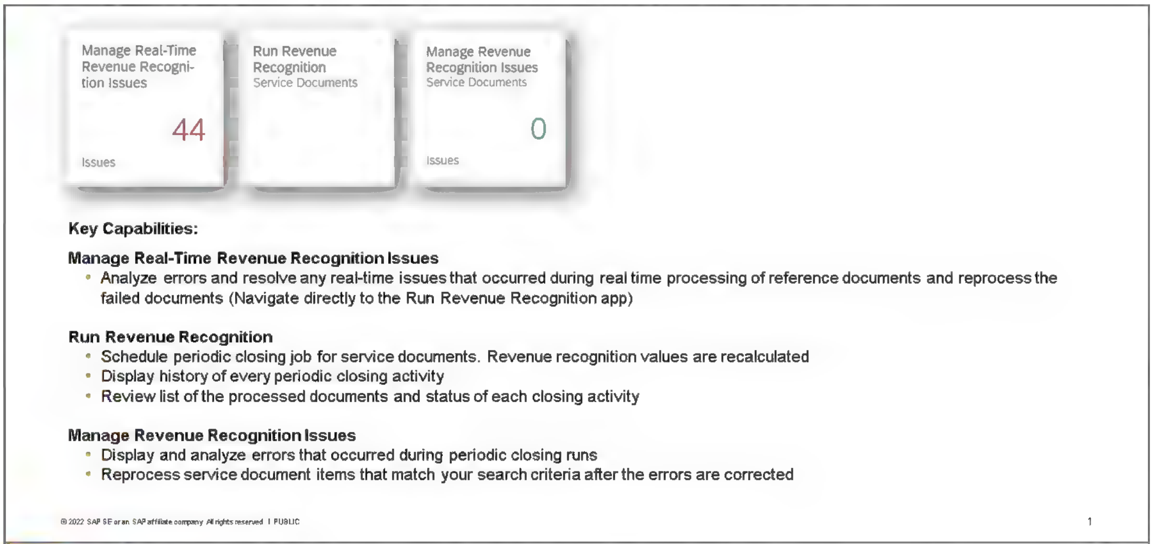
Figure 324: Event-Based Revenue Recognition - Monitor

The Event-Based Revenue Recognition monitor app for Service Documents provides the following key capabilities

- Analyze Event-Based Revenue Recognition postings for service contracts and maintenance service orders
- Revalue the recognition values for a service contract item and maintenance service order item
- Change to further supported revenue recognition key
- Enter manual accruals
- Link to further reports like "Display line items in General Ledger"



Manage Real-Time Revenue Recognition Issues
44
Issues
Run Revenue Recognition
Service Documents
Manage Revenue Recognition Issues
Service Documents
0
Issues

Key Capabilities:

Manage Real-Time Revenue Recognition Issues

- Analyze errors and resolve any real-time issues that occurred during real time processing of reference documents and reprocess the failed documents (Navigate directly to the Run Revenue Recognition app)

Run Revenue Recognition

- Schedule periodic closing job for service documents. Revenue recognition values are recalculated
- Display history of every periodic closing activity
- Review list of the processed documents and status of each closing activity

Manage Revenue Recognition Issues

- Display and analyze errors that occurred during periodic closing runs
- Reprocess service document items that match your search criteria after the errors are corrected

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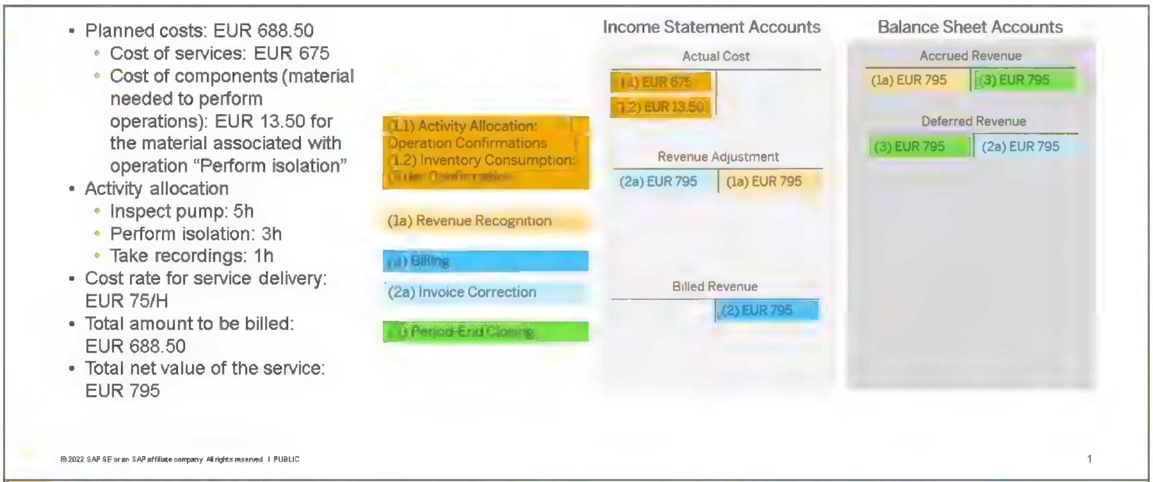
Figure 325: Periodic Activities - Service Documents

The above FIORI apps are used as periodic activities for service documents.



- Planned costs: EUR 688.50
  - Cost of services: EUR 675
  - Cost of components (material needed to perform operations): EUR 13.50 for the material associated with operation “Perform isolation”
- Activity allocation
  - Inspect pump: 5h
  - Perform isolation: 3h
  - Take recordings: 1h
- Cost rate for service delivery: EUR 75/H
- Total amount to be billed: EUR 688.50
- Total net value of the service: EUR 795

(1.1) Activity Allocation: Operation Confirmations
(1.2) Inventory Consumption: Order Confirmation

(1a) Revenue Recognition

(2) Billing

(2a) Invoice Correction

(3) Period-End Closing

Income Statement Accounts

Actual Cost
(1.1) EUR 675
(1.2) EUR 13.50

Revenue Adjustment
(2a) EUR 795 | (1a) EUR 795

Billed Revenue
(2) EUR 795

Balance Sheet Accounts

Accrued Revenue
(1a) EUR 795 | (3) EUR 795

Deferred Revenue
(3) EUR 795 | (2a) EUR 795

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Figure 326: How to UseCCOTM: Maintenance Service Time and Material DIP based

In event (1), with the time confirmations (1.1), the actual costs of EUR 675 for the time spent on the service are recognized. With the confirmation of the order, the material costs for the inventory consumption (1.2) of EUR 13.50 are recognized. The Actual Cost account is debited by the respective amounts. Event-Based Revenue Recognition is triggered in event (1a); a secondary posting is created in Financial Accounting. With this accounting document, the subsequent revenue posting debits the Accrued Revenue account and credits the Revenue Adjustment account with EUR 795, the net value amount of the service.

Billing takes place in event (2). The billing relevance which is set in the maintenance service order item determines the billing process and is relevant for the derivation of the revenue recognition key. The supported billing option is Itemized Billing: a billing scenario specific to maintenance service that uses the dynamic item processor (DIP) to bill services. In this scenario, a service is billed as a list of subitems. The net price is the aggregated price of these subitems determined by either pricing conditions or their costs.

The billing document created for the maintenance service order is a debit memo; its overview of the billing items displays the total net value for your service, in this case EUR 795. You post the debit memo to Accounting, which then updates the Billed Revenue account in event (2). Based on this document, Event-Based Revenue Recognition is triggered which leads to a revenue correction. Hence, the Revenue Adjustment account is updated by EUR 795. At the same time, an invoice correction is triggered based on the debit memo which then updates the Deferred Revenue account.

With event (3), the period-end closing which can be done in the Run Revenue Recognition - Service Documents app, the remaining balances are cleared. Accrued Revenue is netted against Deferred Revenue and a balance of 0 is left on both accounts.

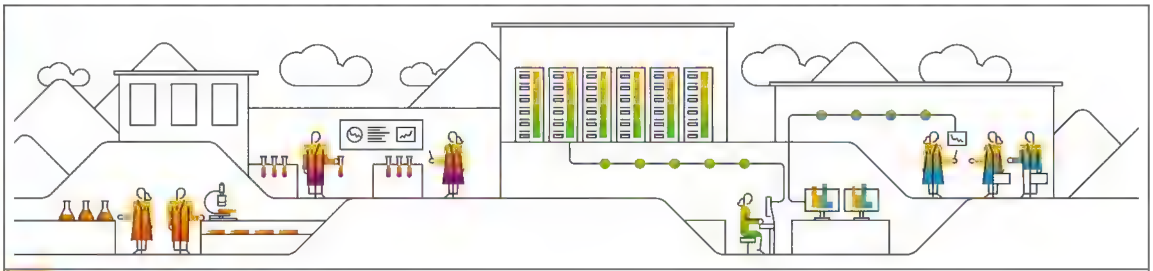
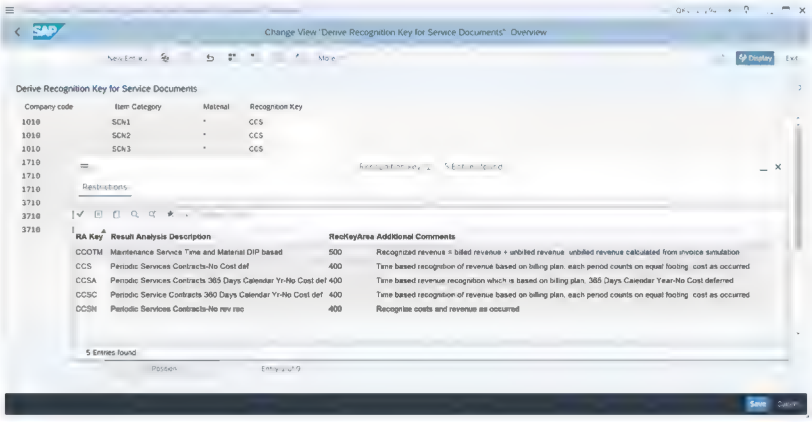


Figure 327: How to Configure



Change View "Derive Recognition Key for Service Documents": Overview

Derive Recognition Key for Service Documents

Company code	Item Category	Material	Recognition Key
1010	SCN1	*	CCS
1010	SCN2	*	CCS
1010	SCN3	*	CCS
1710			
1710			
1710			
3710			
3710			
3710			

RA Key	Result Analysis Description	RecKeyArea	Additional Comments
CCOTM	Maintenance Service Time and Material DIP based	500	Recognized revenue = billed revenue + unbilled revenue. unbilled revenue calculated from invoice simulation
CCS	Periodic Services Contracts-No Cost def	400	Time based recognition of revenue based on billing plan. each period counts on equal footing. cost as occurred
CCSA	Periodic Services Contracts 365 Days Calendar Yr-No Cost def	400	Time based revenue recognition which is based on billing plan, 365 Days Calendar Year-No Cost deferred
CCSC	Periodic Service Contracts 360 Days Calendar Yr-No Cost def	400	Time based recognition of revenue based on billing plan. each period counts on equal footing. cost as occurred
CCSN	Periodic Services Contracts-No rev rec	400	Recognize costs and revenue as occurred

5 Entries found

Figure 328: Revenue Recognition Configuration for Service Documents

In Customizing, you can maintain the derivation of revenue recognition keys:

Controlling → Product Cost Controlling → Cost Object Controlling → Product Cost by Sales Order → Period-End Closing → Event-Based Revenue Recognition → Derivation of Recognition Key for Service Documents

You can:

- Assign recognition key to item category and optional for certain materials
- Unassign recognition key to deactivate Event-Based Revenue Recognition for the maintained entries, validate only for the new service documents
- Delete wrongly created entries, validate only for the new service documents

Based on these cost postings that are resulting from the confirmation for each operation, the Event-Based Revenue Recognition process is initiated by the dynamic item processor (DIP). The underlying method for revenue recognition is the Time & Expense-based invoice simulation. In order to use this revenue recognition method, your system administrator needs to create a revenue recognition key using the respective Customizing setting under SAP Customizing Implementation Guide Controlling Product Cost Controlling Cost Object Controlling Product Cost by Sales Order Period-End Closing Event-Based Revenue Recognition Maintain Settings for Event-Based Revenue Recognition Revenue Recognition Keys. You can either freely define your revenue recognition key to which you assign revenue recognition method 4 (Recognize Revenue on Time & Expense-Based Invoice Simulation) or use the predelivered one CCOTM.

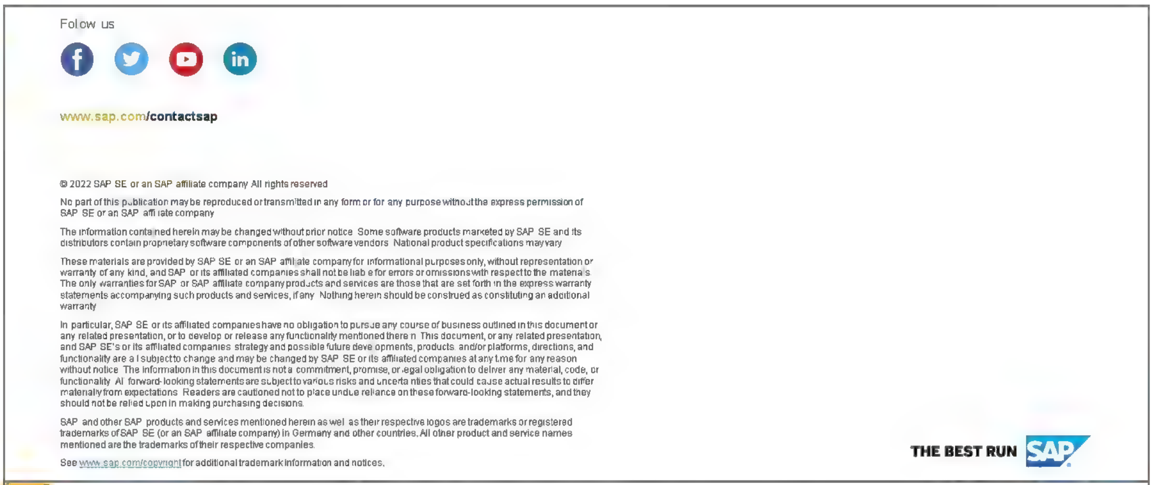


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Figure 329: Integration with Maintenance Service Order

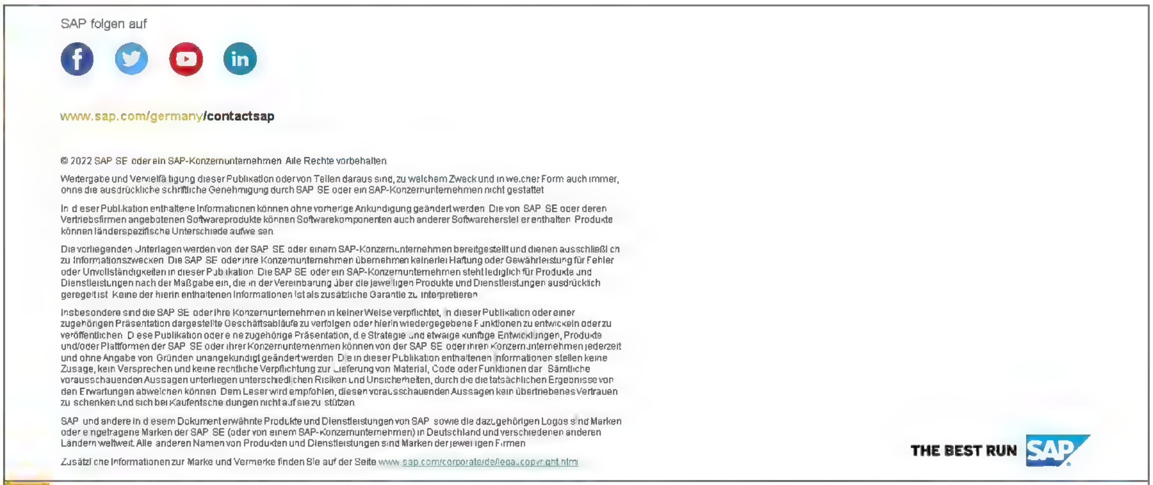

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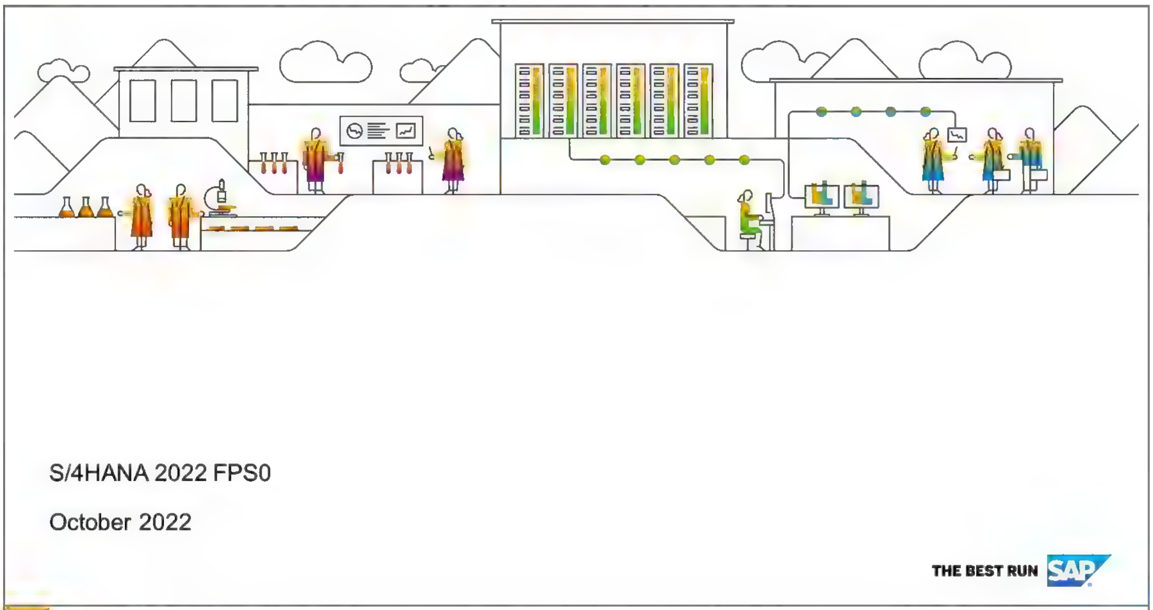
Figure 330: Integration with Maintenance Service Order

Changes in backend transactions Fiori apps portfolio



S/4HANA 2022 FPS0

October 2022

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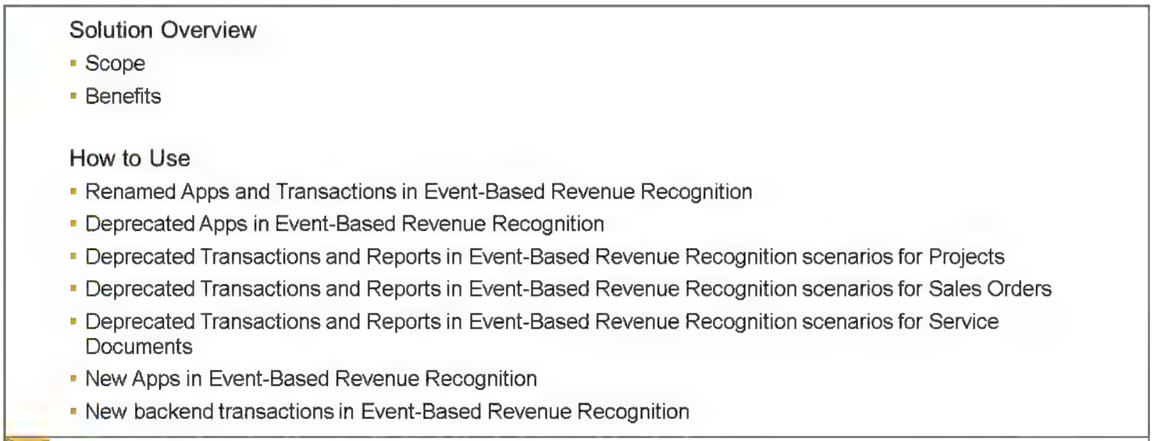
Figure 331: Event-Based Revenue RecognitionChanges in backend transactions and Fiori apps portfolio



Solution Overview

- Scope
- Benefits

How to Use

- Renamed Apps and Transactions in Event-Based Revenue Recognition
- Deprecated Apps in Event-Based Revenue Recognition
- Deprecated Transactions and Reports in Event-Based Revenue Recognition scenarios for Projects
- Deprecated Transactions and Reports in Event-Based Revenue Recognition scenarios for Sales Orders
- Deprecated Transactions and Reports in Event-Based Revenue Recognition scenarios for Service Documents
- New Apps in Event-Based Revenue Recognition
- New backend transactions in Event-Based Revenue Recognition

Figure 332: Agenda

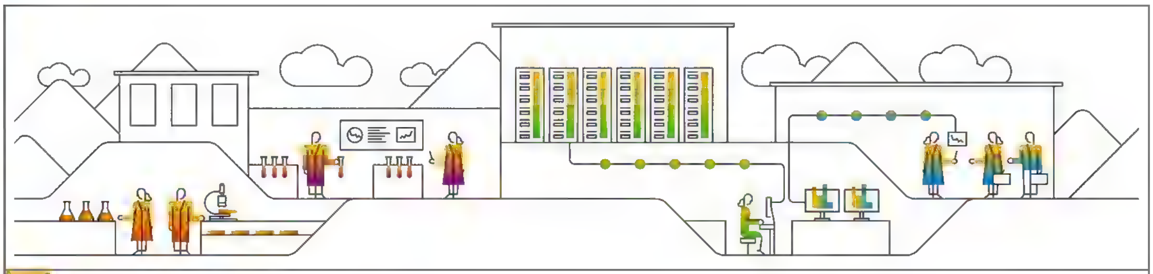
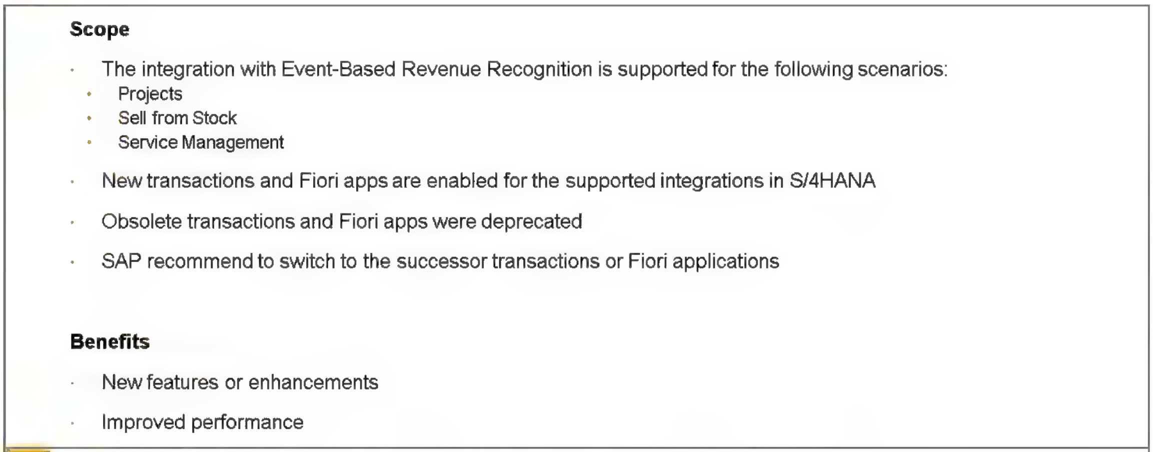


Figure 333: Solution Overview



Scope

- The integration with Event-Based Revenue Recognition is supported for the following scenarios:
  - Projects
  - Sell from Stock
  - Service Management
- New transactions and Fiori apps are enabled for the supported integrations in S/4HANA
- Obsolete transactions and Fiori apps were deprecated
- SAP recommend to switch to the successor transactions or Fiori applications

Benefits

- New features or enhancements
- Improved performance

Figure 334: Solution Overview: Changes in backend transactions and Fiori apps portfolio

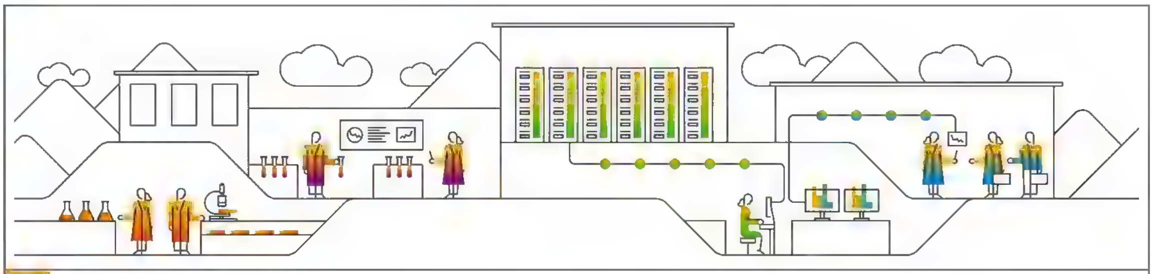
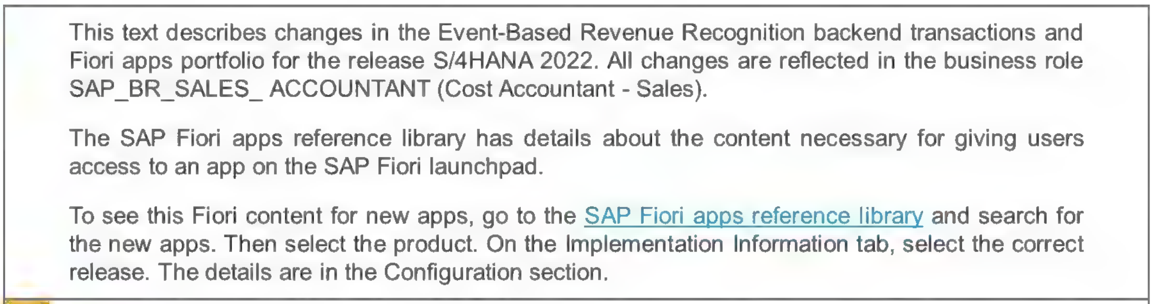


Figure 335: How to Use

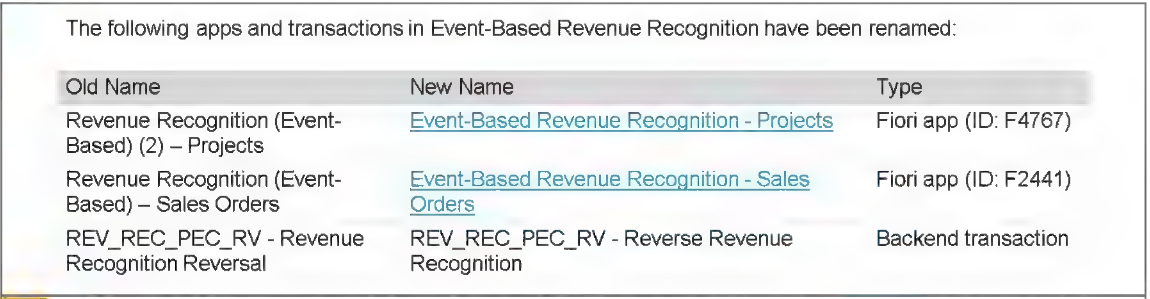


This text describes changes in the Event-Based Revenue Recognition backend transactions and Fiori apps portfolio for the release S/4HANA 2022. All changes are reflected in the business role SAP_BR_SALES_ ACCOUNTANT (Cost Accountant - Sales).

The SAP Fiori apps reference library has details about the content necessary for giving users access to an app on the SAP Fiori launchpad.

To see this Fiori content for new apps, go to the SAP Fiori apps reference library and search for the new apps. Then select the product. On the Implementation Information tab, select the correct release. The details are in the Configuration section.

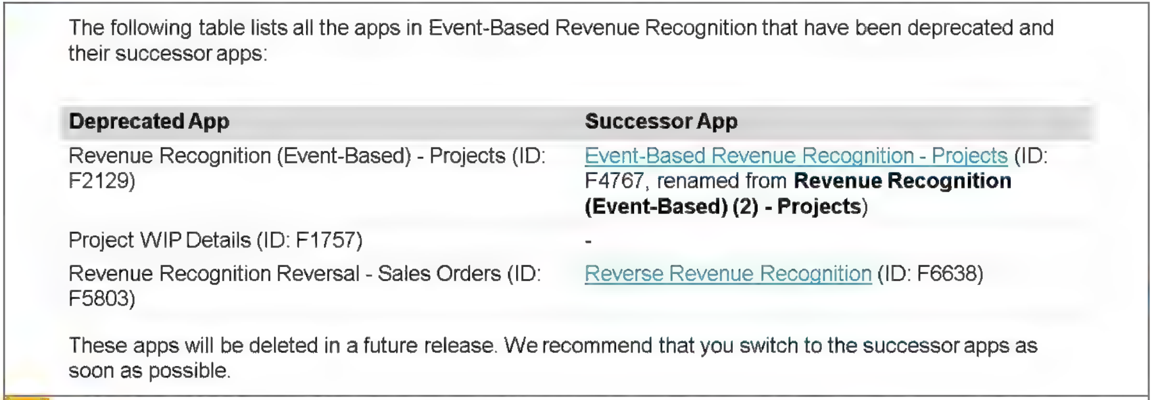
Figure 336: How to Use



The following apps and transactions in Event-Based Revenue Recognition have been renamed:

Old Name	New Name	Type
Revenue Recognition (Event-Based) (2) – Projects	Event-Based Revenue Recognition - Projects	Fiori app (ID: F4767)
Revenue Recognition (Event-Based) – Sales Orders	Event-Based Revenue Recognition - Sales Orders	Fiori app (ID: F2441)
REV_REC_PEC_RV - Revenue Recognition Reversal	REV_REC_PEC_RV - Reverse Revenue Recognition	Backend transaction

Figure 337: How to UseRenamed Apps and Transactions in Event-Based Revenue Recognition

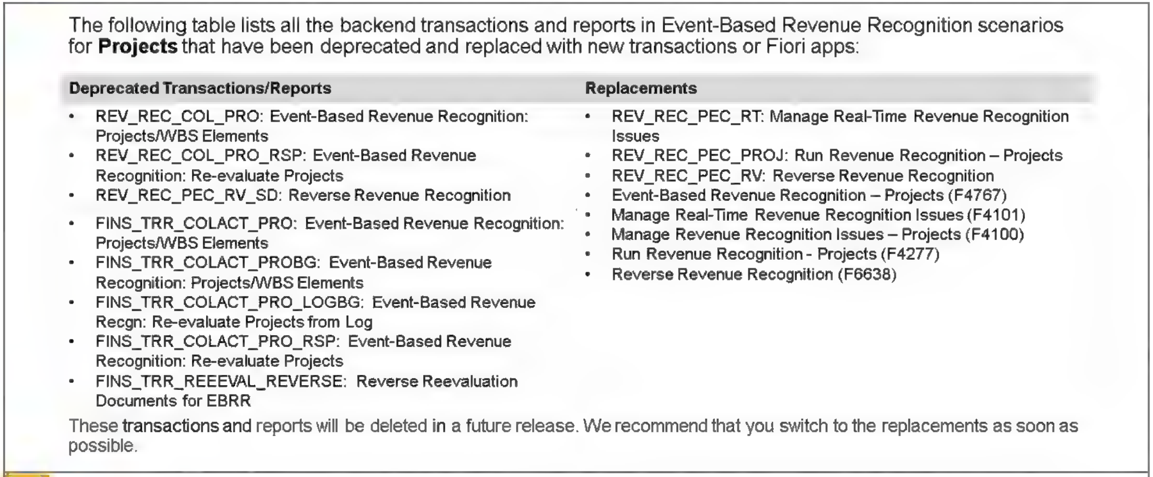


The following table lists all the apps in Event-Based Revenue Recognition that have been deprecated and their successor apps:

Deprecated App	**Successor App**
Revenue Recognition (Event-Based) - Projects (ID: F2129)	Event-Based Revenue Recognition - Projects (ID: F4767, renamed from **Revenue Recognition (Event-Based) (2) - Projects**)
Project WIP Details (ID: F1757)	-
Revenue Recognition Reversal - Sales Orders (ID: F5803)	Reverse Revenue Recognition (ID: F6638)

These apps will be deleted in a future release. We recommend that you switch to the successor apps as soon as possible.

Figure 338: How to UseDeprecated Apps in Event-Based Revenue Recognition

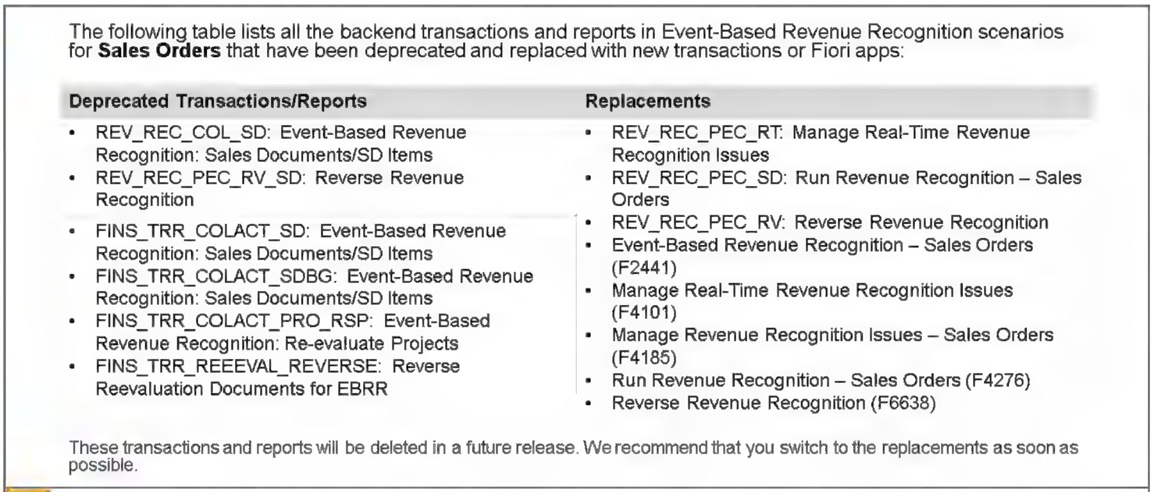


The following table lists all the backend transactions and reports in Event-Based Revenue Recognition scenarios for **Projects** that have been deprecated and replaced with new transactions or Fiori apps:

Deprecated Transactions/Reports	**Replacements**
• REV_REC_COL_PRO: Event-Based Revenue Recognition: Projects/WBS Elements • REV_REC_COL_PRO_RSP: Event-Based Revenue Recognition: Re-evaluate Projects • REV_REC_PEC_RV_SD: Reverse Revenue Recognition • FINS_TRR_COLACT_PRO: Event-Based Revenue Recognition: Projects/WBS Elements • FINS_TRR_COLACT_PROBG: Event-Based Revenue Recognition: Projects/WBS Elements • FINS_TRR_COLACT_PRO_LOGBG: Event-Based Revenue Recgn: Re-evaluate Projects from Log • FINS_TRR_COLACT_PRO_RSP: Event-Based Revenue Recognition: Re-evaluate Projects • FINS_TRR_REEEVAL_REVERSE: Reverse Reevaluation Documents for EBRR	• REV_REC_PEC_RT: Manage Real-Time Revenue Recognition Issues • REV_REC_PEC_PROJ: Run Revenue Recognition – Projects • REV_REC_PEC_RV: Reverse Revenue Recognition • Event-Based Revenue Recognition – Projects (F4767) • Manage Real-Time Revenue Recognition Issues (F4101) • Manage Revenue Recognition Issues – Projects (F4100) • Run Revenue Recognition - Projects (F4277) • Reverse Revenue Recognition (F6638)

These transactions and reports will be deleted in a future release. We recommend that you switch to the replacements as soon as possible.

Figure 339: How to UseDeprecated Transactions and Reports in Event-Based Revenue Recognition scenarios for Projects

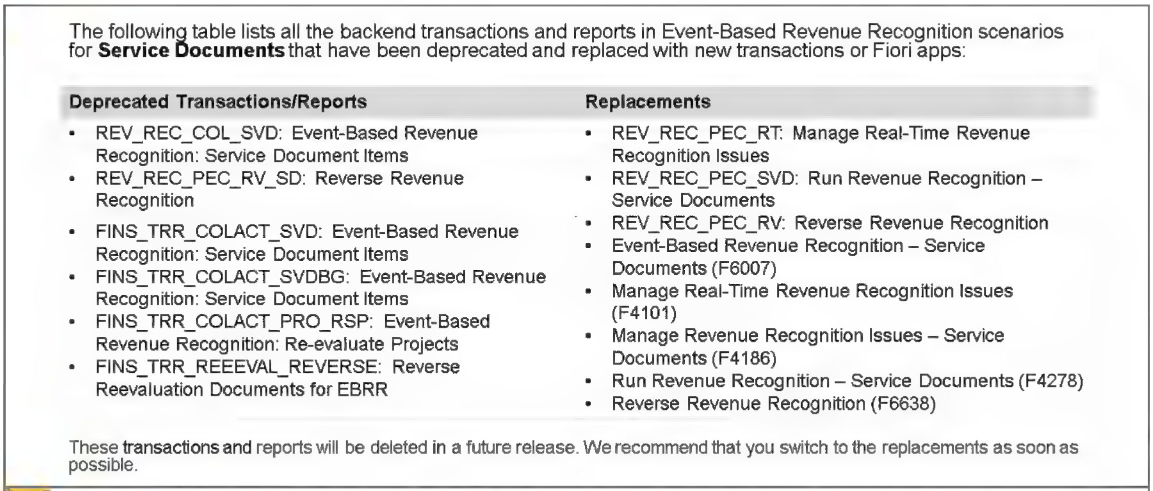


The following table lists all the backend transactions and reports in Event-Based Revenue Recognition scenarios for **Sales Orders** that have been deprecated and replaced with new transactions or Fiori apps:

Deprecated Transactions/Reports	Replacements
• REV_REC_COL_SD: Event-Based Revenue Recognition: Sales Documents/SD Items • REV_REC_PEC_RV_SD: Reverse Revenue Recognition • FINS_TRR_COLACT_SD: Event-Based Revenue Recognition: Sales Documents/SD Items • FINS_TRR_COLACT_SDBG: Event-Based Revenue Recognition: Sales Documents/SD Items • FINS_TRR_COLACT_PRO_RSP: Event-Based Revenue Recognition: Re-evaluate Projects • FINS_TRR_REEEVAL_REVERSE: Reverse Reevaluation Documents for EBRR	• REV_REC_PEC_RT: Manage Real-Time Revenue Recognition Issues • REV_REC_PEC_SD: Run Revenue Recognition – Sales Orders • REV_REC_PEC_RV: Reverse Revenue Recognition • Event-Based Revenue Recognition – Sales Orders (F2441) • Manage Real-Time Revenue Recognition Issues (F4101) • Manage Revenue Recognition Issues – Sales Orders (F4185) • Run Revenue Recognition – Sales Orders (F4276) • Reverse Revenue Recognition (F6638)

These transactions and reports will be deleted in a future release. We recommend that you switch to the replacements as soon as possible.

Figure 340: How to UseDeprecated Transactions and Reports in Event-Based Revenue Recognition scenarios for Sales Orders

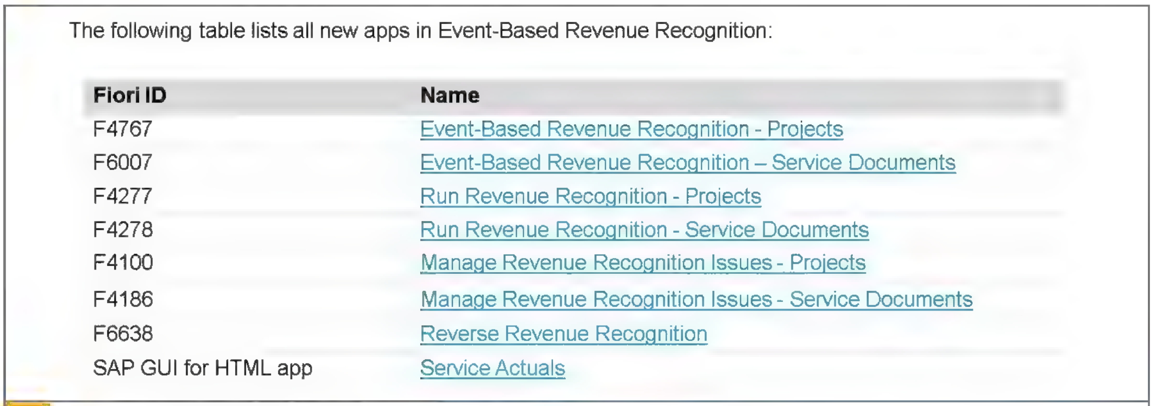


The following table lists all the backend transactions and reports in Event-Based Revenue Recognition scenarios for **Service Documents** that have been deprecated and replaced with new transactions or Fiori apps:

Deprecated Transactions/Reports	Replacements
• REV_REC_COL_SVD: Event-Based Revenue Recognition: Service Document Items • REV_REC_PEC_RV_SD: Reverse Revenue Recognition • FINS_TRR_COLACT_SVD: Event-Based Revenue Recognition: Service Document Items • FINS_TRR_COLACT_SVDBG: Event-Based Revenue Recognition: Service Document Items • FINS_TRR_COLACT_PRO_RSP: Event-Based Revenue Recognition: Re-evaluate Projects • FINS_TRR_REEEVAL_REVERSE: Reverse Reevaluation Documents for EBRR	• REV_REC_PEC_RT: Manage Real-Time Revenue Recognition Issues • REV_REC_PEC_SVD: Run Revenue Recognition – Service Documents • REV_REC_PEC_RV: Reverse Revenue Recognition • Event-Based Revenue Recognition – Service Documents (F6007) • Manage Real-Time Revenue Recognition Issues (F4101) • Manage Revenue Recognition Issues – Service Documents (F4186) • Run Revenue Recognition – Service Documents (F4278) • Reverse Revenue Recognition (F6638)

These transactions and reports will be deleted in a future release. We recommend that you switch to the replacements as soon as possible.

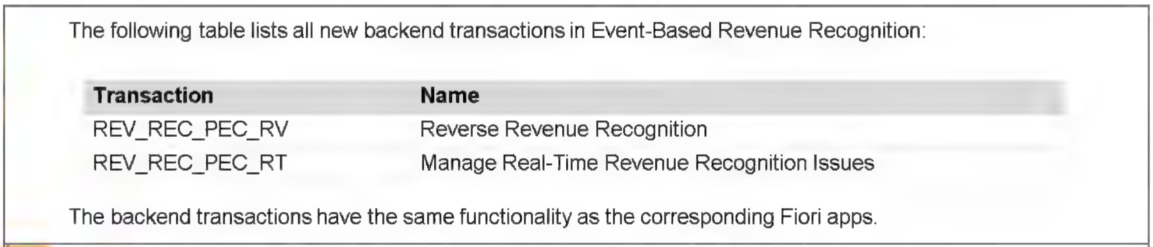
Figure 341: How to UseDeprecated Transactions and Reports in Event-Based Revenue Recognition scenarios for Service Documents



The following table lists all new apps in Event-Based Revenue Recognition:

Fiori ID	Name
F4767	Event-Based Revenue Recognition - Projects
F6007	Event-Based Revenue Recognition – Service Documents
F4277	Run Revenue Recognition - Projects
F4278	Run Revenue Recognition - Service Documents
F4100	Manage Revenue Recognition Issues - Projects
F4186	Manage Revenue Recognition Issues - Service Documents
F6638	Reverse Revenue Recognition
SAP GUI for HTML app	Service Actuals

Figure 342: How to UseNew Apps in Event-Based Revenue Recognition



The following table lists all new backend transactions in Event-Based Revenue Recognition:

Transaction	Name
REV_REC_PEC_RV	Reverse Revenue Recognition
REV_REC_PEC_RT	Manage Real-Time Revenue Recognition Issues

The backend transactions have the same functionality as the corresponding Fiori apps.

Figure 343: How to UseNew backend transactions in Event-Based Revenue Recognition

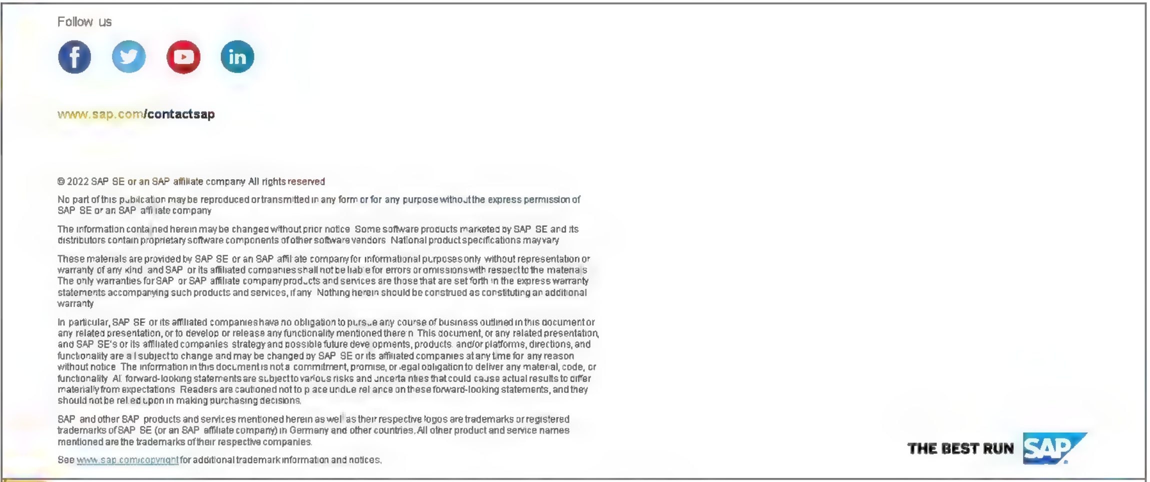


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Figure 344: Changes in backend transactions Fiori apps portfolio

Supported Revenue Accounting Methods

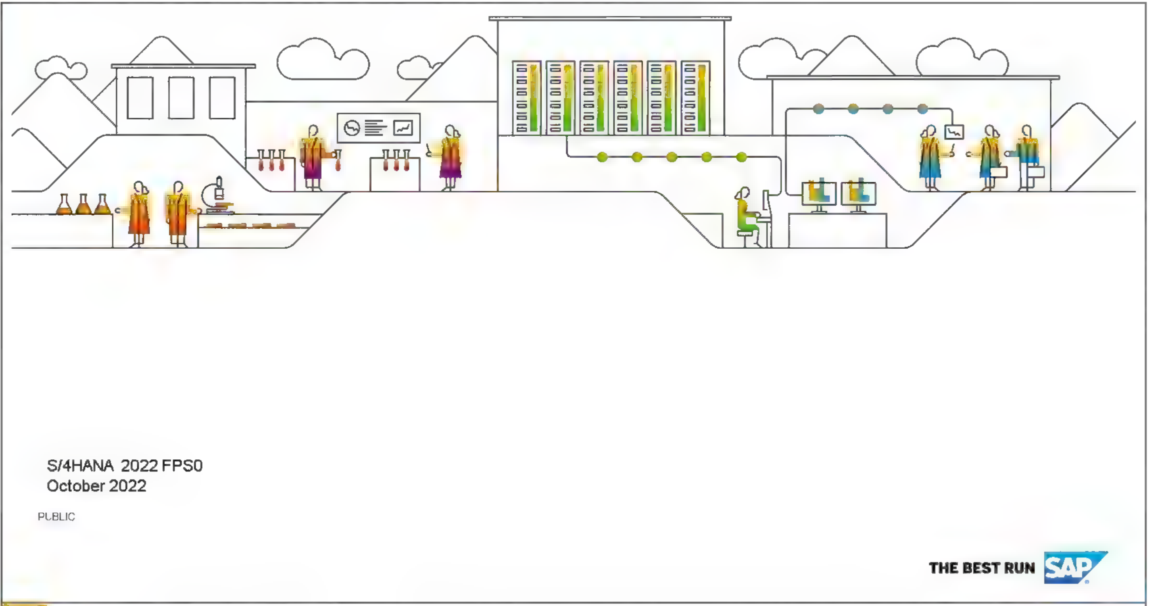

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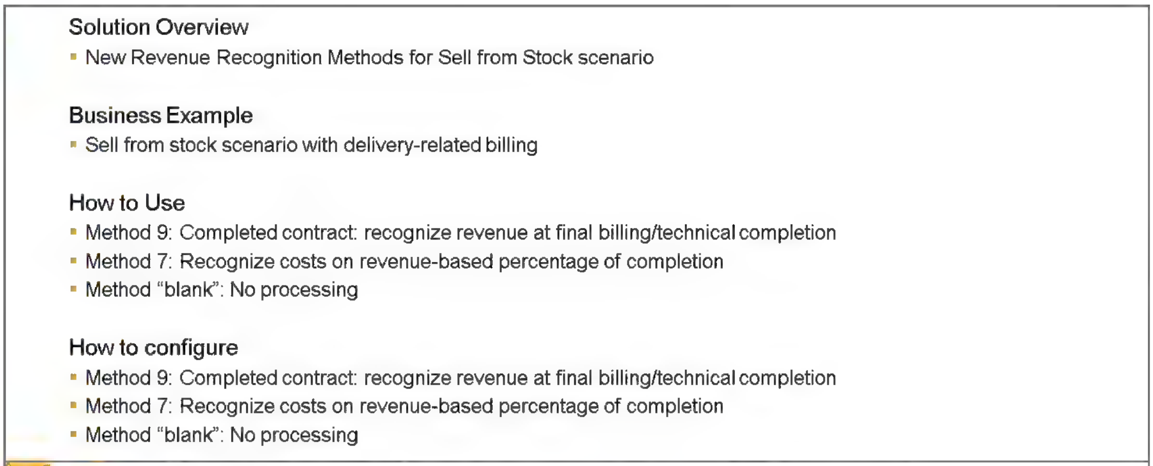
Figure 345: Event-Based Revenue RecognitionNew Revenue Recognition Methods for Sell from Stock scenario



Solution Overview

- New Revenue Recognition Methods for Sell from Stock scenario

Business Example

- Sell from stock scenario with delivery-related billing

How to Use

- Method 9: Completed contract: recognize revenue at final billing/technical completion
- Method 7: Recognize costs on revenue-based percentage of completion
- Method "blank": No processing

How to configure

- Method 9: Completed contract: recognize revenue at final billing/technical completion
- Method 7: Recognize costs on revenue-based percentage of completion
- Method "blank": No processing

Figure 346: Agenda

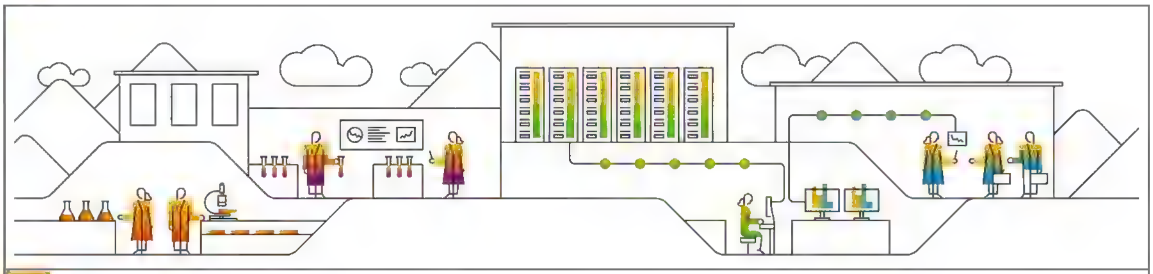
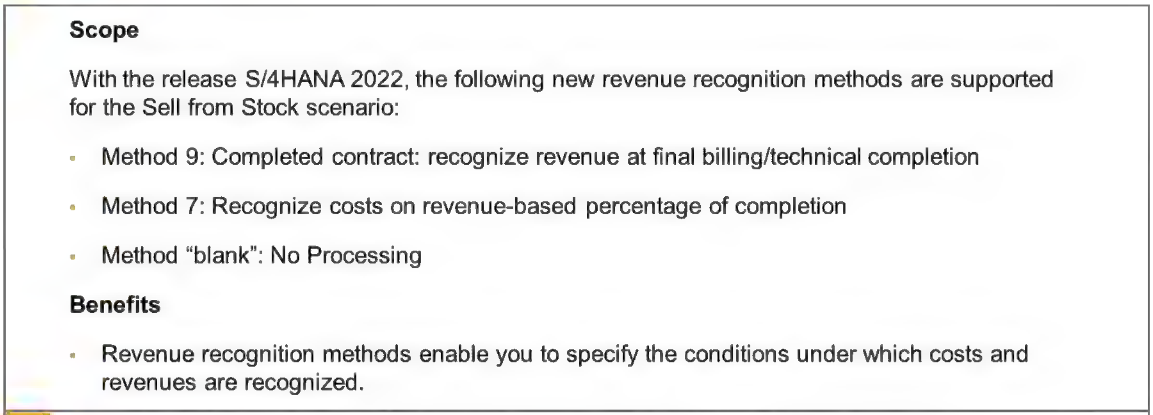


Figure 347: Solution Overview



Scope

With the release S/4HANA 2022, the following new revenue recognition methods are supported for the Sell from Stock scenario:

- Method 9: Completed contract: recognize revenue at final billing/technical completion
- Method 7: Recognize costs on revenue-based percentage of completion
- Method "blank": No Processing

Benefits

- Revenue recognition methods enable you to specify the conditions under which costs and revenues are recognized.

Figure 348: Solution Overview: New Revenue Recognition Methods for Sell from Stock scenario

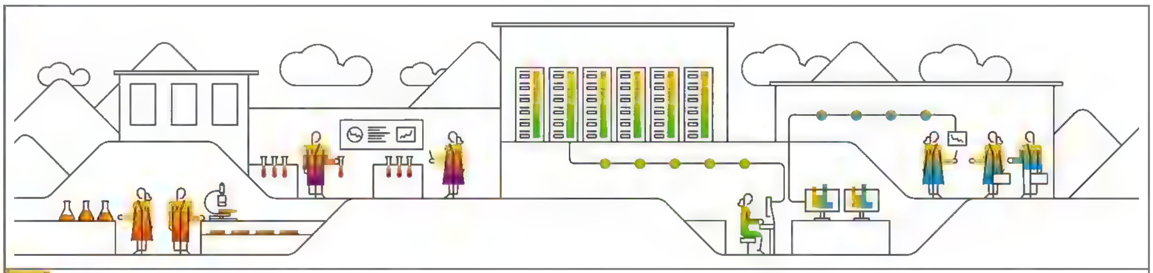


Figure 349: Business Example

Event-Based Revenue Recognition supports standard sell from stock scenarios with delivery-related billing, processing of credit memos and debit memos with reference to invoice, and return orders with reference to invoice. Revenue and cost can be easily analyzed with active account-based profitability analysis.

Example

- Company sells printers. A standard customer sales order with a printer is created.
- The printer is released from the warehouse and shipped to the customer. With the goods issue posting, the control of the printer is transferred to the customer. Revenue and cost of goods sold for the printer is recognized and recorded.
- Once the printer is delivered, the invoice is created and sent to the customer.

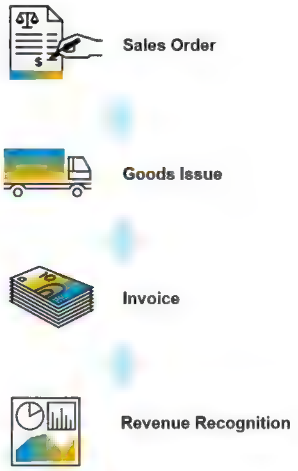

Sales Order
Goods Issue
Invoice
Revenue Recognition

Figure 350: Business Scenario

Figure 351: How to Use

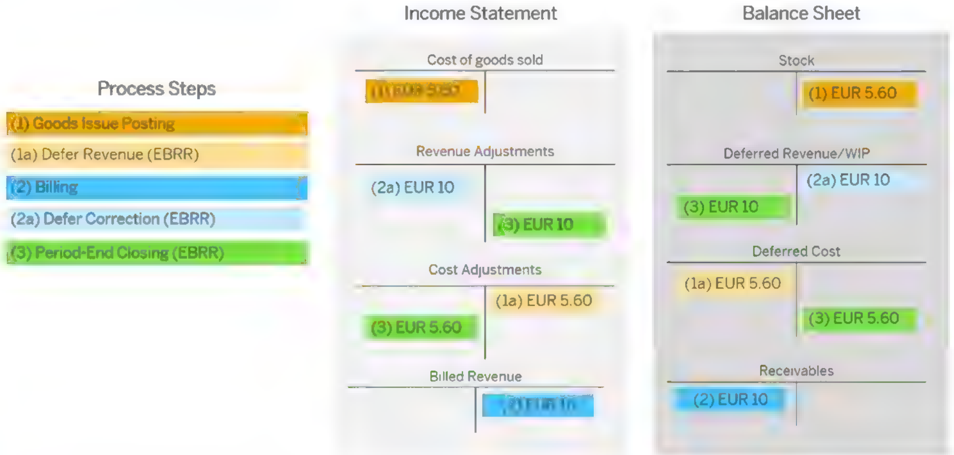

Income Statement
Balance Sheet
Process Steps
(1) Goods Issue Posting
(1a) Defer Revenue (EBRR)
(2) Billing
(2a) Defer Correction (EBRR)
(3) Period-End Closing (EBRR)
Cost of goods sold
(1) EUR 5.60
Revenue Adjustments
(2a) EUR 10
(3) EUR 10
Cost Adjustments
(1a) EUR 5.60
(3) EUR 5.60
Billed Revenue
(2) EUR 10
Stock
(1) EUR 5.60
Deferred Revenue/WIP
(2a) EUR 10
(3) EUR 10
Deferred Cost
(1a) EUR 5.60
(3) EUR 5.60
Receivables
(2) EUR 10

Figure 352: How to UseMethod 9: Completed contract: recognize revenue at final billing/technical completion

The posting logic behind the revenue recognition method Completed contract: recognize revenue at final billing/technical completion (method 9) allows you to defer costs and revenue at first and recognize the respective amounts after final billing of the sales order.

Let's assume that the following parameters are defined for your sell from stock process:

- Material Cost: 5,60 €/1 piece
- Price: 10,00 €/1 piece
- Ordered quantity: 1 piece

- Delivered quantity: 1 piece
- Billed quantity: 1 piece

The above graphic shows you the process steps for this method and the corresponding postings.

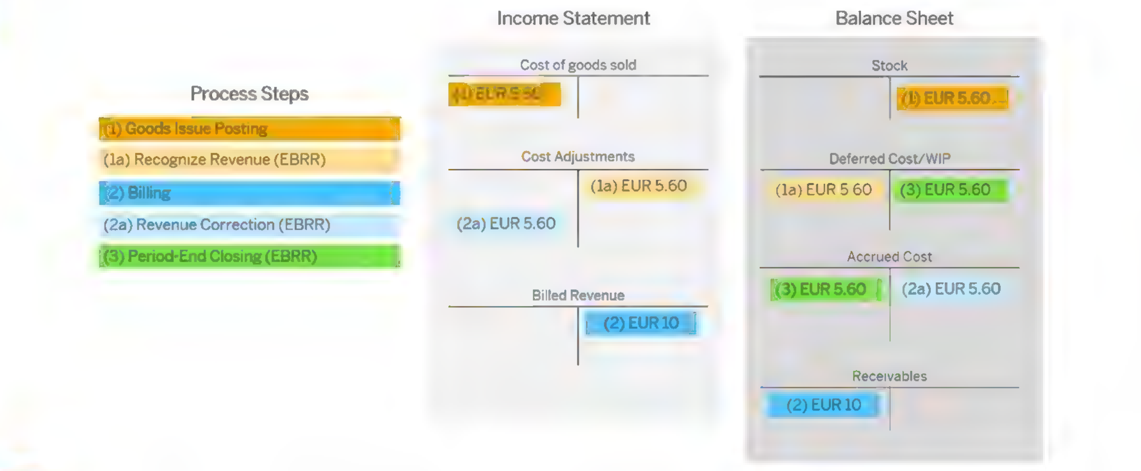

Income Statement
Balance Sheet
Process Steps
(1) Goods Issue Posting
(1a) Recognize Revenue (EBRR)
(2) Billing
(2a) Revenue Correction (EBRR)
(3) Period-End Closing (EBRR)
Cost of goods sold
(1) EUR 5.60
Cost Adjustments
(1a) EUR 5.60
(2a) EUR 5.60
Billed Revenue
(2) EUR 10
Stock
(1) EUR 5.60
Deferred Cost/WIP
(1a) EUR 5.60
(3) EUR 5.60
Accrued Cost
(3) EUR 5.60
(2a) EUR 5.60
Receivables
(2) EUR 10

Figure 353: How to useMethod 7: Recognize costs on revenue-based percentage of completion

The posting logic behind the revenue recognition method Recognize costs on revenue-based percentage of completion (method 7) allows you to recognize costs on a revenue-based percentage of completion (POC).

Let's assume that the following parameters are defined for your sell from stock process:

- Material Cost: 5,60 €/1 piece
- Price: 10,00 €/1 piece
- Ordered quantity: 1 piece
- Delivered quantity: 1 piece
- Billed quantity: 1 piece

The above graphic shows you the process steps for this method and the corresponding postings.

The **revenue recognition** method **No processing** disables the processing of the sales order with Event-Based **Revenue Recognition**. This means that Event-Based **Revenue Recognition** is not triggered.

Figure 354: How to UseMethod "blank": No processing

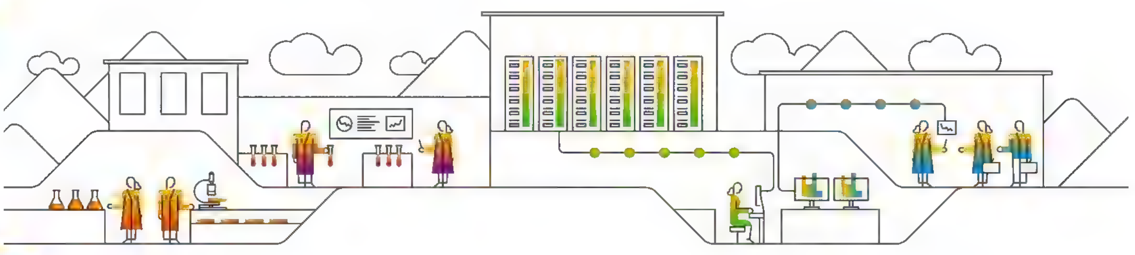
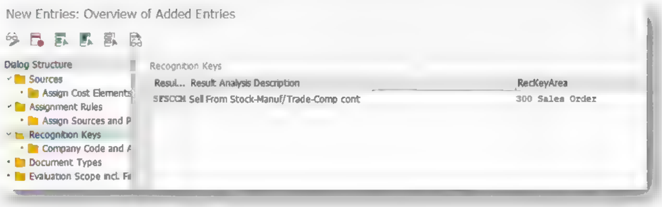


Figure 355: How to Configure

Create Recognition key

Find this Customizing setting under SAP Customizing Implementation Guide > Controlling > Product Cost Controlling > Cost Object Controlling > Product Cost by Sales Order > Period-End Closing > Event-Based Revenue Recognition > Maintain Settings for Event-Based Revenue Recognition > Revenue Recognition Keys.

The following screenshot shows you this Customizing setting:



New Entries: Overview of Added Entries

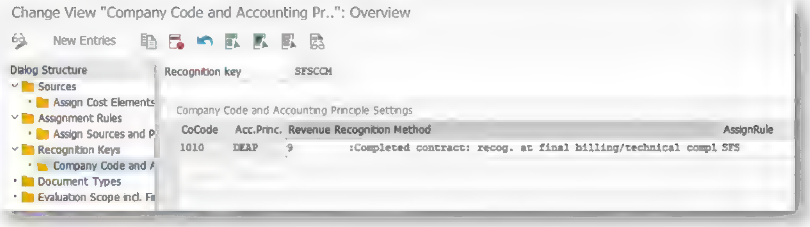
Recognition Keys

Resul...	Result Analysis Description	RecKeyArea
SFSCCM	Sell From Stock-Manuf/Trade-Comp cont	300 Sales Order

Dialog Structure
Sources
Assign Cost Elements
Assignment Rules
Assign Sources and P
Recognition Keys
Company Code and A
Document Types
Evaluation Scope incl. Fi

Figure 356: How to ConfigureMethod 9: Completed contract: recognize revenue at final billing/technical completion

When using Event-Based Revenue Recognition for Sales Orders, you can either use a pre-delivered Revenue Recognition key **SFSCCM** (scope items 1K2, 33M) or you can enter an individual name for your revenue recognition key but ensure that it is linked to Revenue Recognition Area 300 Sales Order and Revenue Recognition Method 9: Completed contract: recognize revenue at final billing/technical completion.



Change View "Company Code and Accounting Pr..": Overview

Recognition key SFSCCM

Company Code and Accounting Principle Settings

CoCode	Acc.Princ.	Revenue Recognition Method		AssignRule
1010	DEAP	9	:Completed contract: recog. at final billing/technical compl	SFS

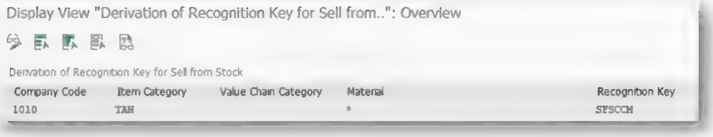
New Entries
Dialog Structure
Sources
Assign Cost Elements
Assignment Rules
Assign Sources and P
Recognition Keys
Company Code and A
Document Types
Evaluation Scope incl. Fi

Figure 357: How to ConfigureMethod 9: Completed contract: recognize revenue at final billing/technical completion

Revenue Recognition Key Derivation

Find this Customizing setting under SAP Customizing Implementation Guide > Controlling > Product Cost Controlling > Cost Object Controlling > Product Cost by Sales Order > Period-End Closing > Event-Based Revenue Recognition > Derivation of Recognition Key for Sell from Stock

When a Sales Order is created, a revenue recognition key is derived for a combination of company code, item category, and material.



Display View "Derivation of Recognition Key for Sell from..": Overview

Derivation of Recognition Key for Sell from Stock

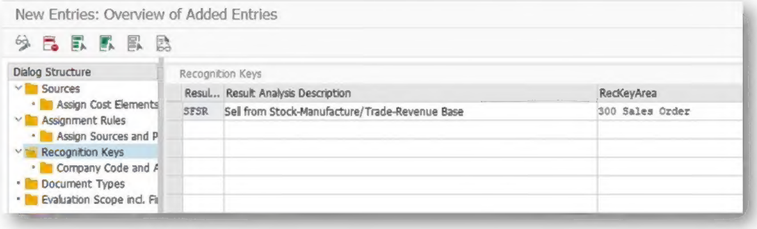
Company Code	Item Category	Value Chain Category	Material	Recognition Key
1010	TAN		*	SFSCCM

Figure 358: How to ConfigureMethod 9: Completed contract: recognize revenue at final billing/technical completion

Create Recognition key

Find this Customizing setting under SAP Customizing Implementation Guide > Controlling > Product Cost Controlling > Cost Object Controlling > Product Cost by Sales Order > Period-End Closing > Event-Based Revenue Recognition > Maintain Settings for Event-Based Revenue Recognition > Revenue Recognition Keys.

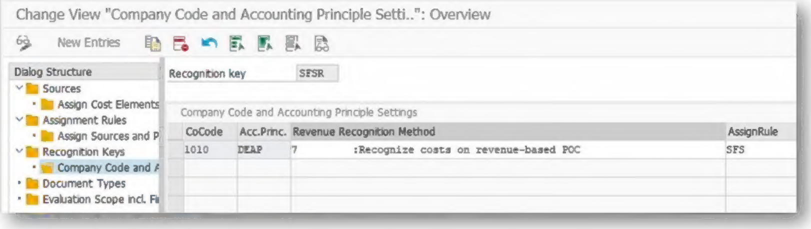
The following screenshot shows you this Customizing setting:


New Entries: Overview of Added Entries
Dialog Structure
Sources
Assign Cost Elements
Assignment Rules
Assign Sources and P
Recognition Keys
Company Code and A
Document Types
Evaluation Scope incl. Fi
Recognition Keys

Resul...	Result Analysis Description	RecKeyArea
SFSR	Sell from Stock-Manufacture/Trade-Revenue Base	300 Sales Order

Figure 359: How to ConfigureMethod 7: Recognize costs on revenue-based POC

When using Event-Based Revenue Recognition for Sales Orders, you can either use a pre-delivered Revenue Recognition key **SFSR** (scope items 1K2, 33M) or you can enter an individual name for your revenue recognition key but ensure that it is linked to Revenue Recognition Area 300 Sales Order and Revenue Recognition Method 7: Recognize costs on revenue-based POC.


Change View "Company Code and Accounting Principle Setti..": Overview
New Entries
Dialog Structure
Sources
Assign Cost Elements
Assignment Rules
Assign Sources and P
Recognition Keys
Company Code and A
Document Types
Evaluation Scope incl. Fi
Company Code and Accounting Principle Settings

Recognition key SFSR

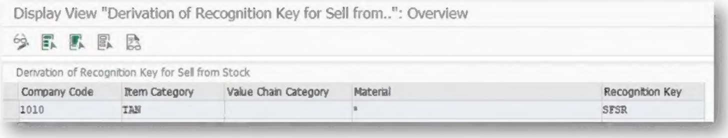
CoCode	Acc.Princ.	Revenue Recognition Method	AssignRule
1010	DEAP	7 :Recognize costs on revenue-based POC	SFS

Figure 360: How to ConfigureMethod 7: Recognize costs on revenue-based POC

Revenue Recognition Key Derivation

Find this Customizing setting under SAP Customizing Implementation Guide > Controlling > Product Cost Controlling > Cost Object Controlling > Product Cost by Sales Order > Period-End Closing > Event-Based Revenue Recognition > Derivation of Recognition Key for Sell from Stock

When a Sales Order is created, a revenue recognition key is derived for a combination of company code, item category, and material.


Display View "Derivation of Recognition Key for Sell from..": Overview
Derivation of Recognition Key for Sell from Stock

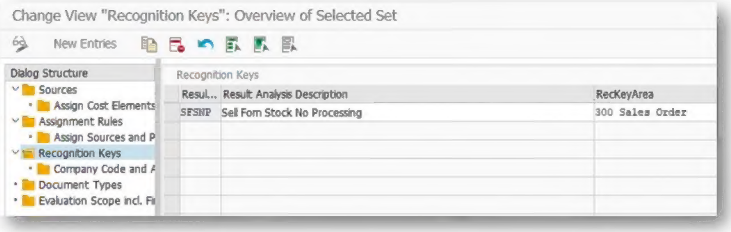
Company Code	Item Category	Value Chain Category	Material	Recognition Key
1010	TAN		*	SFSR

Figure 361: How to ConfigureMethod 7: Recognize costs on revenue-based POC

Create Recognition key

Find this Customizing setting under SAP Customizing Implementation Guide > Controlling > Product Cost Controlling > Cost Object Controlling > Product Cost by Sales Order > Period-End Closing > Event-Based Revenue Recognition > Maintain Settings for Event-Based Revenue Recognition > Revenue Recognition Keys.

The following screenshot shows you this Customizing setting:

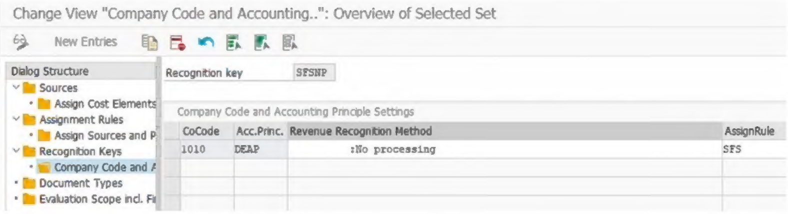

Change View "Recognition Keys": Overview of Selected Set
New Entries
Dialog Structure
Sources
Assign Cost Elements
Assignment Rules
Assign Sources and P
Recognition Keys
Company Code and A
Document Types
Evaluation Scope incl. Fi

Recognition Keys

Resul...	Result Analysis Description	RecKeyArea
SFSNP	Sell Fom Stock No Processing	300 Sales Order

Figure 362: How to ConfigureMethod "blank": No processing

When using Event-Based Revenue Recognition for Sales Orders, you can either use a pre-delivered Revenue Recognition key **SFSNP** (scope items 1K2, 33M) or you can enter an individual name for your revenue recognition key but ensure that it is linked to Revenue Recognition Area 300 Sales Order and Revenue Recognition Method :No processing.


Change View "Company Code and Accounting..": Overview of Selected Set
New Entries
Dialog Structure
Sources
Assign Cost Elements
Assignment Rules
Assign Sources and P
Recognition Keys
Company Code and A
Document Types
Evaluation Scope incl. Fi

Recognition key SFSNP

Company Code and Accounting Principle Settings

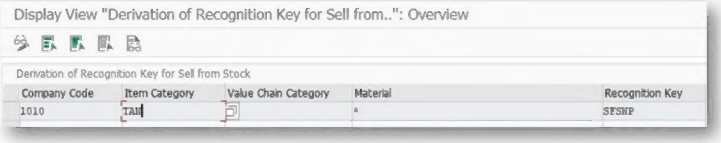
CoCode	Acc.Princ.	Revenue Recognition Method	AssignRule
1010	DEAP	:No processing	SFS

Figure 363: How to ConfigureMethod "blank": No processing

Revenue Recognition Key Derivation

Find this Customizing setting under SAP Customizing Implementation Guide > Controlling > Product Cost Controlling > Cost Object Controlling > Product Cost by Sales Order > Period-End Closing > Event-Based Revenue Recognition > Derivation of Recognition Key for Sell from Stock

When a Sales Order is created, a revenue recognition key is derived for a combination of company code, item category, and material.


Display View "Derivation of Recognition Key for Sell from..": Overview

Derivation of Recognition Key for Sell from Stock

Company Code	Item Category	Value Chain Category	Material	Recognition Key
1010	TAN		*	SFSNP

Figure 364: How to ConfigureMethod "blank": No processing

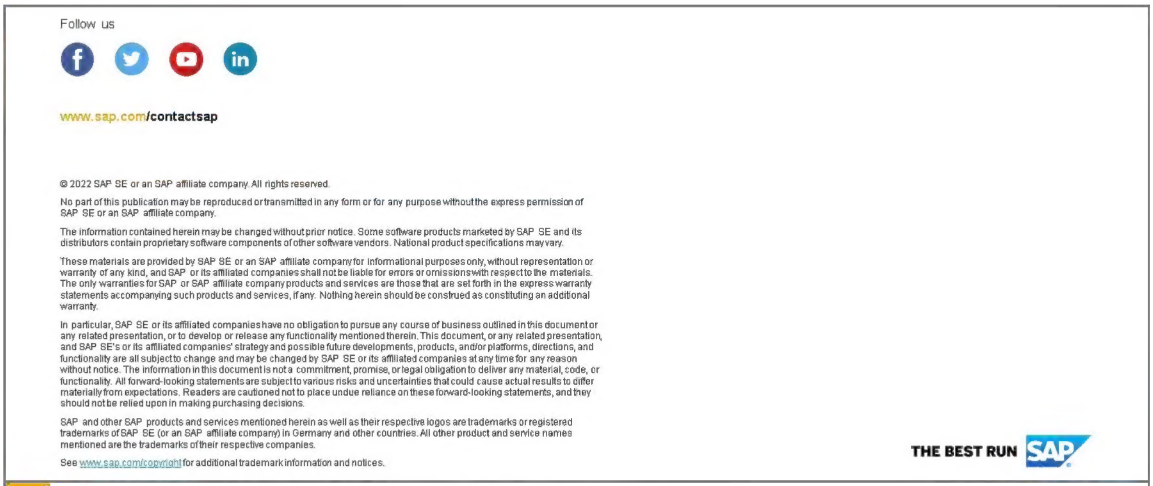


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Figure 365: Supported Revenue Accounting Methods

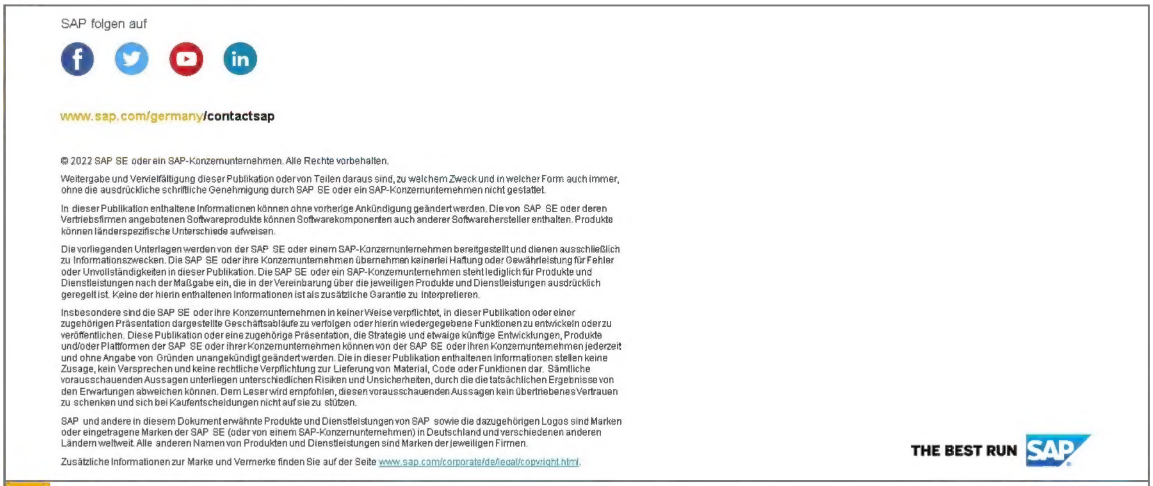

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Figure 366: Supported Revenue Accounting Methods

LESSON SUMMARY

You should now be able to:

- Revenue Accounting
- Event-Based Revenue Recognition

Learning Assessment

1. I have reviewed the content of this lesson.

   Determine whether this statement is true or false.

   ☐ True

   ☐ False